

CONGRESSIONAL DIGEST

PRO & CON

January, 1935

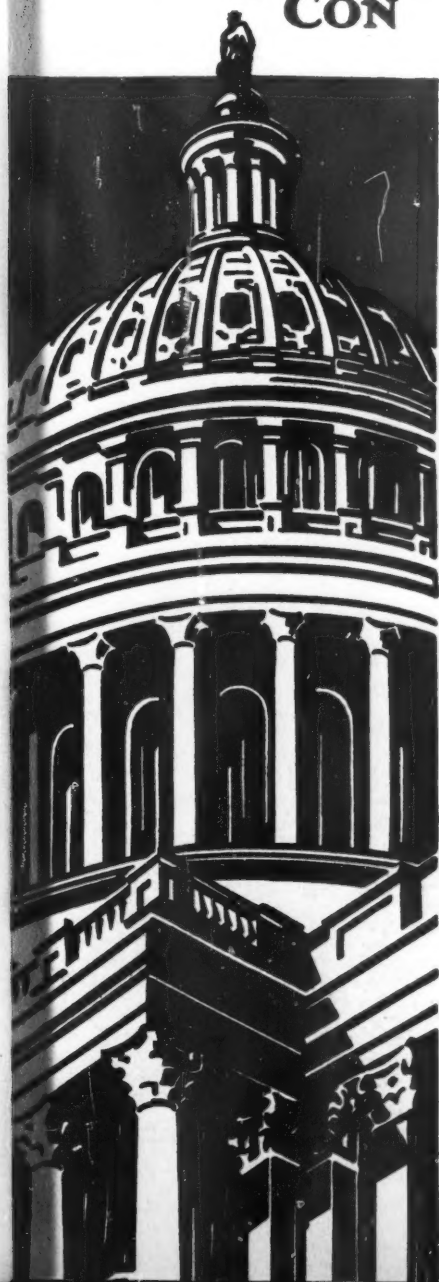
The "New Deal" Faces a New Congress

The Story of America's Political Parties
Origin of Donkey and Elephant Emblems
Political Analysis of Incoming Congress
Preview of Problems Confronting Congress
Status and Defense of Emergency Agencies
Economic and Financial Warnings Sounded
Independent Groups Enter Their Complaints
Programs and Recommendations Offered
by New Deal Leaders and Organized Labor
Organized Business Presents Recovery Program



WASHINGTON, D.C.

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THE CONGRESSIONAL DIGEST

The Pro and Con Monthly

Not an Official Organ, Not Controlled by Nor Under the Influence of Any Party, Interest, Class or Sect

N. T. H. ROBINSON
Editor and Publisher

A. GRAM ROBINSON
Founder

Volume 14, No. 1

2131 LeRoy Place, Washington, D. C.

January, 1935

— CONTENTS —

This Month's Feature: The "New Deal" Faces a New Congress

	Page
Foreword	1
The Birth and Growth of American Political Parties	2
Origin of the Donkey and Elephant as Party Emblems	4
A Political Analysis of the New Congress	5
A Preview of Problems Confronting the New Congress	6
Emergency "Alphabet" Agencies Facing Action by New Congress	9
Administration Officials Defend "Alphabet" Agencies	14
"N.R.A." by Donald Richberg	14
"P.W.A." by Hon. Harold L. Ickes	15
"F.E.R.A." by Harry L. Hopkins	16
"F.H.A." by James A. Moffett	17
"T.V.A." by Frank R. McNinch and U. S. Senator Norris	18
Programs and Recommendations Offered 74th Congress by "New Deal" Leaders	19
by Hon. Daniel E. Roper, U. S. Senator Wagner, U. S. Senator Costigan	
Legislative Proposals of Organized Labor	20
by The American Federation of Labor	
Labor's Complaint Against "N.R.A."	20
by Wm. F. Green, President A. F. of L.	
A Business Man's Comment on "Cooperation"	21
by E. C. Forbes	
Presenting the Case for "Little Business"	22
by Mark Sullivan	
A Further Plea for "Little Business"	23
by Owen L. Scott	
Dangers in Political Administration of Relief Cited	24
by Josselt Shouse	
A Warning Against Inflation	24
by Ogden L. Mills	
Complaints Against "Mushroom" Laws of N.R.A.	25
by Raymond Clapper	
Power Utilities Ask Supreme Court Test of "T.V.A."	25
by Thomas N. McGarver	
Organized Business Presents Its Recovery Program	26

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Entered as Second-Class Matter September 26th, 1921, at the Post Office at Washington, D. C., under the Act of March 3, 1879. Additional entry as Second-Class Matter at the Post Office at Baltimore, Maryland, under the Act of March 3, 1879; authorized August 22, 1927.

Published every Month, except for July and August. Yearly Index to Each Volume, January to December, Furnished on Request. Current Subscription Rates: \$5.00 a year, Postpaid in U. S.; in Canada \$5.25; Foreign Rates \$5.50; Current Numbers 50c a copy; Back Numbers 75c up. Notary Fees Paid only on charges over \$5.00. Indexed in The Reader's Guide and Other Indexing Publications.

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BULK COPY RATES:

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Now Ready: The Congressional Digest Index to Volume 13, January to December, 1934. Furnished on Request.

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The "New Deal" Faces a New Congress

Foreword

THE first session of the Seventy-fourth Congress which will convene on January 3 will be notable in several respects. To begin with, it is the first Congress under the Twentieth Amendment to the Constitution—the "Lame Duck" Amendment—as a result of which members chosen in the 1934 election take their seats two months after their election instead of thirteen months after their election, as heretofore.

The reason for the old arrangement was that the framers of the Constitution felt there should be a cooling off period between the heat of a political campaign and official action by the men elected in that campaign.

Senator George W. Norris of Nebraska, author of the Twentieth Amendment, and those who supported him held the view that newly elected members of Congress should be immediately responsive to the will of the voters and, therefore, should take their seats more promptly.

Another distinctive feature of the new Congress is that the Democratic party has a greater representation in both the Senate and the House than has ever been given a single political party before in the history of the country.

Another interesting, but by no means unique feature, is that the beginning of the new Congress coincides with the reaching, by President Roosevelt, of approximately the half-way mark in his four-year term as President.

Under the Twentieth Amendment the date of inauguration of the President and Vice President is changed, also, and President Roosevelt's term will end on January 20, 1937, instead of on March 4, as it would have ended under the old order.

Because of the various innovations of the New Deal and because the testing time of many of them has arrived, the *Digest*, in this number, has sought to present a listing of the more important New Deal emergency agencies, which, by action of the new Congress, must either be continued an emergency measures, changed from emergency measures into permanent measures, or discontinued entirely.

In this listing effort has been made, not to include everything, but to give the status of those agencies involv-

ing the greatest controversy, together with comment on their worthiness or unworthiness by officials and supporters of the New Deal, on the one hand, and by critics of the New Deal on the other.

Since much discussion of politics and political parties is a foregone conclusion as part and parcel of the new Congress and because, as the result of discussions and voting in the new Congress, the political line-up for the Presidential election of 1936 will begin to take shape, a brief history of American political parties is included, together with analyses and comment on the problems and politics of the coming session.

Until the President delivers his annual message to Congress members of the Senate and House will not know exactly what the Administration expects of them. But once the President has outlined his program, the machinery will be set in motion by the Democratic leaders to put the program through as promptly as possible.

At the same time those opposed to various points in the Administration program will marshal their forces to combat them.

In addition to this direct support and opposition, certain individuals or groups in the House and Senate will prepare and put forward independent programs.

Thus the Administration problem is to see to it, not only that its own program goes through, but also to see to it that no program at variance with that of its own is allowed to gain headway in Congress.

The Roosevelt Administration, having served two years, is at the point where, in any administration, opposition begins to solidify and gather strength. By the end of two years a President has exhausted most of his patronage. Frequently, as in the present instance, he must ask Congress for appropriations to carry out his plans. The enthusiasm and the novelty have worn off and he must look two years ahead to his campaign for reelection.

All of this is well understood by Mr. Roosevelt and by those members of his political family who have had practical political experience. It is likewise understood by every man on Capitol Hill. This is why every student of politics will be watching the new Congress with the keenest interest.

Note: See page 34 for Notes on Classroom Study.

The Birth and Growth of American Political Parties

FEDERALISTS—1789.

The Constitution was framed to bind the states into a confederation and its supporters were called Federalists, who formed themselves into a strong political party which had little opposition until 1800. The Federalists were charged as pro-English. The opposition, Anti-Federalists, who later adopted the title Republicans, inclined toward France during the French Revolution. In 1800 the Federalists met their first defeat in the election of Jefferson and thereafter passed into history.

REPUBLICANS—1800.

Formed in 1792. In power 1800. When Jefferson was invited to become Secretary of State in Washington's cabinet he was minister to France and he brought back with him radical views of the French Revolutionists (Republican). Jefferson then became the leader of the Anti-Federalists, or Republicans, now the Democratic party, and Hamilton leader of the Federalists. As opponents one called the other the British party, the other was labeled the French party. The South was Republican. The North Federalist. The Republicans remained a strong organization from 1800 to 1820.

NATIONAL REPUBLICAN PARTY—1828.

This party began during the administration of John Quincy Adams, who had been elected on the old Republican ticket in 1824, and in 1828 the same Adams headed the new party ticket in opposition to Andrew Jackson, whose party assumed the name of Democratic party for the first time in American politics.

DEMOCRATIC PARTY—1828.

The partisans of this party were the successors of the adherents of the original Republican party, 1792, under the leadership of Thomas Jefferson. It adopted its new and present title in 1828. Andrew Jackson was the Democratic party's first president.

ANTI-MASONIC PARTY—1832.

This party grew out of the circumstances connected with the attempted disclosure of Masonry by William Morgan in 1826. Those opposed to Masonry called themselves freemen. In 1832 an Anti-Mason convention was held at Philadelphia and William Wirt of Virginia was nominated for president. This party had a brief existence.

WHIG PARTY—1836.

Organized in 1834, obtaining its followers from all other parties and from those who before had taken little interest in politics. The party had no platform, being one in name only. Its strength lay in its opposition to the administration of the times and it triumphed by electing

William Henry Harrison, president, who was nearly 70 years of age. The party terminated in 1852.

The name "Whig" has a singular origin. In England, during the reigns of Charles II and James II, the non-conformists in church and state had a religious custom of drinking when at their devotional meetings, from which the word "Whig" is said to have been derived, and the term was eventually applied to the enemies of the throne.

The name Tory was given to supporters of the royal government and Church of England. The American Colonies began using these terms in 1770.

LIBERTY PARTY—1844.

Originated in 1844. It was anti-slavery. Its adherents came from the Whigs and Democrats. It contained many men of influence. It opposed the annexation of Texas. Nominated James G. Birney for president, who had freed his slaves in Kentucky and moved to Michigan. In 1848 it united with the Free-Soil party and supported Van Buren's candidacy.

FREE-SOIL PARTY—1848.

Founded in 1848. Was against the extension of slavery into the new territory acquired as a result of the Mexican War. A convention was held in Buffalo, August 9, 1848, where the party was organized. Van Buren and Charles F. Adams were nominated and they polled a large popular vote, but electoral votes were wanting. The Free-Soil party was the predecessor of the now Republican party.

AMERICAN OR KNOW-NOTHING PARTY—1856.

Originated in 1853, was distinctly Anti-American and short-lived. Its policies and plans were secret and when interrogated its supporters replied as instructed "I don't know." Its members desired the repeal of the naturalization laws and were religious radicals. Fillmore was the candidate in 1856.

REPUBLICAN PARTY—1856.

The present Republican party was launched in 1856. It was composed of the anti-slavery element in all parties. Its first candidate was John C. Fremont of California, but in the election the party suffered defeat and James Buchanan, Democrat, became president. In 1860, it elected its first candidate, Abraham Lincoln, and remained in power for six administrations, ending with James A. Garfield.

THE CONSTITUTIONAL UNION PARTY—1860.

This was just another party seeking a more perfect and tranquil Union. In reality it was only an opposition party, but it showed considerable strength in the popular vote for its candidates. It appeared for the first and last time in this campaign.

GREENBACK OR INDEPENDENT PARTY—1876.

Organized May 18, 1876, at Indianapolis in the interest of depressed industry. The Republican and Democratic

parties were charged with ruinous policies and failure to bring about relief to business. They demanded the immediate and unconditional repeal of the Specie-resumption act of January 14, 1875. The party was the outcome of the panic of 1873, but was not popular and polled a small vote. In the presidential election of 1880, the party exhibited more strength in the popular vote. Came back in a weakened condition in 1884, led by Benjamin F. Butler and there and then expended its force.

PROHIBITION PARTY—1876.

Made its first appearance in 1872 as the Temperance Party. The popular vote barely exceeded 5,000. In 1876, the name was changed to its present title, and in the ensuing election the vote doubled. In every presidential year since, the party has continued to present its candidates in spite of inconsiderable gains ardently determined to prohibit the manufacture and sale of intoxicating liquors except for religious, medicinal and scientific purposes. In no instance has the popular vote been large, but the net result of the party's sectional activities, aided greatly by temporary prohibitory legislation induced by the Great War, is set forth in the eighteenth amendment of the Constitution, establishing National prohibition effective January 16, 1920.

UNION LABOR PARTY—1888.

Became a factor in American politics in 1888, and was the successor of the Greenback party. Its partisans reflected the discontent of the day. It sought a multiplicity of reforms and openly charged corruption in the courts and in legislative bodies. It aimed to relieve the general distress among the workers, but its policies were too reactionary, and in the election the popular vote fell below the previous record of the Greenbacks.

SOCIALIST LABOR PARTY—1892.

Originated in 1892, but being poorly organized it produced faint impression upon labor. Eight years later, 1900, it made a stronger bid for recognition as evidenced by the increase in the popular vote for its candidate. In this campaign, the party was confronted with a competitor within its own ranks, the Social Democratic party organized two years before by Debs.

PEOPLE'S OR POPULIST PARTY—1892.

This party marked another political upheaval. It claimed to be an improvement, a panacea for all political ills. It embodies an appeal to labor and an appeal to the farmer. Appropriating the ineffective weapons of the Union Labor party, it assailed the combinations of wealth and held that the moneyed power was responsible for the hard times. It claimed that the farmers of the West and South were unduly burdened to the benefit of the East. From 1892 to 1908, the party struggled for existence, and then dropped by the wayside.

NATIONAL DEMOCRATIC PARTY—1896.

Grew out of a movement among the gold Democrats to oppose Bryan, the silver candidate. Its supporters mainly came out of the Cleveland ranks. Nominated a ticket which ran poorly in the election, as many of the conservatives of Democratic persuasion cast their lot with

the Republicans. Both the gold and silver factions claimed to be the political descendants of Jefferson and Jackson, although their respective platforms contained little in common.

SOCIAL DEMOCRATIC PARTY OR SOCIALISTS—1900.

Organized 1898. Inaugurated its campaign in 1900. In objective the same as the Socialist Labor Party, but launched in protest to the inharmony within the ranks of the other. It sought the overthrow of the social order and the existing economic status, substituting extreme reforms. It was a working class organization, and taught that the government should be the master control in everything.

PROGRESSIVE OR BULL MOOSE PARTY—1912.

First entered the political arena as a separate and distinct party in 1912. For a number of years the planks of its platform were in the making, a number of which in substance, being embodied in the platform of the Republican party as adopted in the convention of 1908. This convention received indifferent support of the conservatives and the successful candidate was claimed as a progressive nominee.

During the first two years of Taft's administration the platform in several particulars failed to support the Progressive principles in accordance with the Bull Moose idea. This aroused a wide feeling of political antagonism which had a marked effect upon the character of the congressional elections in the fall of 1910. All efforts to bring about coalition of the contending forces during the remainder of the administration were futile and if anything the bitterness was augmented. The crisis was reached in the convention of 1912, with hostility at its zenith, but the conservatives were successful in the nomination of Taft, while the progressives or insurgents, as they were called, returned whipped, but refusing to admit defeat. Several months elapsed, meanwhile a third party movement was unmistakably advancing which culminated in seeking Roosevelt as its leader. Therefore, on August 6, 1912, the Progressives assembled in Chicago to nominate a president and Roosevelt was the unanimous choice. In the election which followed the popular vote for the party's candidate exceeded that of the Republican nominee by over half a million, while the combined votes of the Progressives and Republicans outnumbered those of the Democratic candidate by over one million.—*Extracts, see 4, p. 32.*

Progress of the Parties Since 1912

IN 1916 the Democrats were retained in power, the popular vote for President being, Wilson, Democrat, 9,129,606; Hughes, Republican, 8,538,221; Benson, Socialist, 585,113; Hanley, Prohibitionist, 220,506.

In 1920, with eight years of Democratic administration coming to a close, popular feeling ran high toward a change, which resulted in an overwhelming victory for the Republican party. In addition to electing its Presidential ticket by a tremendous majority, the Republican party increased its majority in the House, which had gone Republican in 1918, and recaptured the Senate.

The popular vote for President was Harding, Republican, 16,152,200; Cox, Democrat, 9,147,353; Debs, Socialist, 919,799 (the largest vote so far cast for a Socialist Presidential candidate); Christensen, Farmer-Labor, 265,411; Watkins, Prohibitionist, 189,000.

In 1924 the Republican party was returned by a substantial majority of almost two to one over the Democrats, the popular vote being Coolidge, Republican, 15,725,016; Davis, Democrat, 8,385,586. In addition to the two major parties, ten national parties nominated Presidential candidates, the most formidable of which was the Progressive Party, headed by Robert M. La Follette, the elder, of Wisconsin, who polled half as many votes as the Democratic candidate. La Follette finally emerged as the candidate for four parties: the Progressive, Socialist, National Independent and People's Progressive, polling a total vote of 4,822,856. The remaining six parties polled a total of approximately 150,000 votes among them. They included the National Prohibition Party, the Commonwealth Land Party, the American Party, the Socialist Labor Party, the Workers' Party of America, and the Farmer-Labor Party.

In 1928 the two major parties fought it out pretty much alone with the Republicans the victors. The popular vote for President was Hoover, Republican, 21,392,190; Smith, Democrat, 15,016,443; Thomas, Socialist, 267,420; Foster, Workers' Party, 48,770.

In 1932, after twelve years of Republican control, the Democrats were swept into power, electing the President and majorities in both houses of Congress. The popular vote for President was Roosevelt, Democrat, 22,821,857; Hoover, Republican, 15,761,841; Thomas, Socialist, 884,781; Foster, Communist, 102,991; Upshaw, Prohibitionist, 81,869; Harvey, Liberty, 53,425; Reynolds, Socialist-Labor, 33,276; Coxey, Farmer-Labor, 7,309.

In the biennial Congressional elections of 1934 the Democrats, continued their success of 1932, electing an unprecedented majority in both houses of Congress, the party representation in the Seventy-fourth Congress being:

The Senate—Democrats, 69; Republican, 25; Farmer-Labor, 1; Progressive, 1. Total, 96.

The House—Democrats, 322; Republicans, 102; Farmer-Labor, 3; Progressives, 7. Total, 434. (One vacancy, caused by the passing, after the elections, of Frederick Landis, Republican, Indiana.)

Origin of the Donkey and Elephant as Party Emblems

THE Democratic donkey and the Republican elephant, distinguished beasts that they are, are probably the only donkey and elephant in the worth that have an identical ancestor.

Both were brought into existence in the '70s by the famous American cartoonist, Thomas Nast.

Oddly enough, each animal was saddled on its respective party as a derisive jest. Each found favor with the rank and file and was drafted for regular service, and the original meaning of the application was speedily forgotten.

The Democratic donkey was born first.

Nast was drawing for *Harper's Weekly*, a Republican journal, and was seeking to sink a shaft into the Democratic hide. He picked up the old fable about the jackass that defied a dead lion, and illustrated it.

The Democrats at that time—1870—were assailing the conduct of Lincoln's Cabinet during the Civil War, and were centering their hottest fire on the record of Lincoln's Secretary of War, Edwin M. Stanton, although Stanton had recently died. Nast drew a picture showing a dead lion lying beneath a tree, with a long-eared jackass lashing out at it with its hoofs. The lion he labeled "H. M. Stanton"; the donkey, "the Copperhead Press."

The editor of *Harper's Weekly* apparently had little idea that this cartoon was going to provide the Democratic Party with an emblem that would last for years. At any rate, he buried it in an inconspicuous place on the last page, among a group of patent medicine ads. It was printed on Jan. 10, 1870.

The birth of the Republican elephant came four years later.

The New York *Herald* was one of the central figures in this cartoon. Nast used as his basis another old fable—this time the one about the donkey that, clothed in a lion's skin, had set up a braying in the jungle and had frightened the elephant into running into a trap set by a canny fox.

His illustration showed such a scene. The donkey dressed in a lion's skin was labeled "The New York *Herald*." The elephant was "the Republican vote." The fox, artfully peeking out from under a bush, bore the words "Democratic Party" on his collar.

The *Herald* had been attacking the Republicans for permitting talk of Grant's proposed third term to go unchecked. Nast's idea, obviously, was that it was thereby confusing the party and preparing the way for a Democratic victory.

This picture, incidentally, drew a whole page to itself. It was printed on Nov. 7, 1874, and found such favor with the Republicans that the elephant speedily became the party emblem.

Nast was also the man who gave Tammany Hall its tiger. Boss Tweed had once belonged to a fire company called "the Big Six." This company had a tiger's head as its emblem. When Nast sought a figure to represent Tammany, he simply adopted the tiger's head, fitted a body onto it, and used it.—*Extracts, see 3, p. 32.*



CONGRESSIONAL
DIGEST

A Political Analysis of the New Congress

by Mark Sullivan

Political Commentator

IN analyzing the political complexion of the Congress one notes an odd condition: The Republicans in the recent election seem to have cast more than 12,000,000 votes to the Democrats' 15,000,000. That is, the Republicans cast more than 46 per cent of the combined vote—but in the Senate will have little more than 25 per cent of the body. In the electorate, 12,000,000 votes is a formidable minority.

In the Senate there will be 25 Republicans. Of course, several are Republicans in not much more than the sense that the letter "R" comes after their names in the Congressional Directory. Five are men whose views on public affairs are typified to the public mind by Mr. Norris of Nebraska and Mr. Frazier of North Dakota, for example. By and large, these would be more apt to support radical parts of the New Deal than to oppose them. Four more belong to the left of the center of the spectrum of political thought—such Senators as Hiram Johnson of California and Couzens of Michigan. This leaves only 16 out of 96 Senators who can be described as Republican in the sense that, for example, Senator David Reed of Pennsylvania is a Republican.

Indeed, it is doubtful if the number is as large as 16. Of these several are inert in conviction and not vocal in debate. Almost it could be said that there are not in the Senate 10 men whom the country would think of as Republican Senators in the conservative sense that term has meant in the past. With Mr. Reed of Pennsylvania defeated, they are deprived of the best intellectual leadership they had in the recent Congress, and now have no one equal to Mr. Reed to head them in debate. Thus we can dispose of the Republicans as a force in the Senate.

As between Republicans and Democrats in the Senate there are 25 of the former and 69 of the latter. (There is one Farmer-Labor Senator, Mr. Shipstead of Minnesota, and one Senator labeled "Progressive," Mr. La Follette, who has given that name to the party he has recently organized in Wisconsin). As between Republicans and Democrats, then, the Democrats are in enormous majority. But the names of the two old parties have come to have little meaning. The real division is between conservative and the opposite of conservative, between political right and political left.

Of the 69 Democratic Senators, about 14 are fairly to be called radicals, some of them extreme radicals, some of them merely eccentrics. These include Senator Huey Long of Louisiana, who thinks of himself as a potential "man on horseback" of almost the French revolution type; Theodore G. Bilbo of Mississippi, a somewhat less forceful and less resourceful Huey Long; Lewis B. Schwellenbach of Washington, who seems to be more Upton Sinclair than Sinclair himself; Rush Holt of West Virginia, whom the conservative Democrats of that State think of as a Socialist, and so on. To say there are 14

Democrats in this category of radicals and eccentrics is probably an exaggeration.

Fully 55 of the Democrats are what everybody understands by the classification "conservative"—such men, to mention a few typical examples, as Walsh and Coolidge of Massachusetts; the new Senator Guffey of Pennsylvania, who will be as thoroughgoing an upholder of the right of private property and of business conducted for the profit motive as the Republican Senator David Reed whom he defeated; Glass and Byrd of Virginia, both so conservative that they have vigorously and forthrightly criticized some parts of the New Deal; George of Georgia, who is as staunch a supporter of the Constitution as any man in either party who ever sat in the Senate. Some of these 55 conservative Democrats are eminent lawyers, like Senator George, or men long distinguished in public life, like Senator Glass. A considerable number, comparatively unknown to the public, have the type of mind of men who, in smaller communities, become county judges. All are conservative in the sense that they have a traditional regard for the Constitution, complete belief in the right of citizens to acquire property and be protected in the possession of it, thoroughgoing support of the theory of an industrial system based on profit as a motive.

These 55 conservative Democrats added to, let us say, 15 conservative Republicans make 70 reasonably conservative Senators out of a total of 96.

I have described some 70 Senators as being conservative in the sense that they believe in the familiar American traditions about social and industrial organization.

The words "conservative" and "radical" are used, however, in a second sense, the sense having to do with fiscal matters. As respects inflation, as respects large appropriations for public works or for relief of unemployment, as respects early balancing of the budget, the ratio between conservatives and radicals in the Senate would not be the same. Probably a little more than half the Senate would be willing to vote for certain types of inflation—though this would depend on whether business recovery is long postponed, and the temptation to inflate therefore continues. Probably considerably more than half would vote for the soldiers' bonus. Probably many more than half would vote for large appropriations for public works or for relief of unemployment—this, again, is dependent on whether business recovery is long postponed and the reason for relief and public works continues.

To sum up: Some 70 out of 96 Senators are conservative on matters involving radical departure in form of Government or of social organization. As to radical fiscal measures, probably half or slightly more of the Senate would be radical if, when the Senate is in session, business recovery is still postponed and the temptation to radical fiscal measures therefore exists. But under hardly any conditions would there be the two-thirds majority that would be necessary to overcome a veto by the President. As to everything the Senate may do, every sort of measure, fiscal or social, this generalization can be made, the Senate is likely to follow the President. If the Presi-

Continued on page 31

A Preview of Problems Confronting the New Congress

THE one prediction concerning the coming session of Congress on which most of the experts agree is that it is likely to be more of a deliberative body than it has been so far during the Roosevelt Administration.

Before going on record with guesses as to the outcome of this or that piece of legislation, men who usually know what is going on in Washington are awaiting definite information concerning the White House program.

From the very first President Roosevelt has ignored precedent in the matter of his messages to Congress. For many years it has been the custom of the Presidents, following their Constitutional duty to inform the Congress "on the state of the Union," to send an annual message containing recommendations in full.

President Roosevelt, however, has preferred to make his recommendations piecemeal, and shortly before Congress was due to convene, intimations came from the White House via the daily press that he would continue this method.

"Surprise" Messages

It is expected, therefore, that in his first message of the session, which he may deliver in person, he will deal only in generalities and that this message will be followed from time to time by short, specific messages on given points in his program.

Some of these messages will doubtless be in the nature "of surprise attacks," since the President is extremely partial to that type of political strategy.

Therefore, it is not likely that, even after Mr. Roosevelt has delivered his initial message, the public will know exactly what is coming next.

The Annual Budget

There must, of course, be the annual budget. The law requires this and the budget is always accompanied by a message from the President explaining why the executive branch of the Government needs the money he asks Congress to appropriate.

But even a budget message need not be conclusive. They are frequently followed by special messages asking additional appropriations.

So it would even be possible for the President to send in a budget dealing with the regular governmental expenses and still leave an estimate of emergency expenses to be sent in later.

On the surface the indications are that, as a result of the Congressional elections of last November, the Presi-

dent will have complete control of Congress. The voters at that election gave the Democratic party unprecedented majorities in both the Senate and the House.

The President's supporters claim that this is proof conclusive of the support of the New Deal and that the President is warranted in expecting full support from Congress on practically anything he proposes.

Federal Expenditures

Some of the older politicians, in nowise inimical to the President, doubt the accuracy of this estimate.

They feel that it is quite possible that before the end of the coming session the Administration will come to a definite show down on its money spending policies.

The public debt is greater than at any time in the history of the country, including the world war period.

Secretary of the Interior Ickes is advocating an enlargement of the public works program while Director of Relief Hopkins is advocating the assumption by the states of some of the direct relief burden.

So far as putting men back to work in industry is concerned the National Industrial Recovery Administration has not been a pronounced success. It has made for some increase in employment but not as much as the Administration had hoped.

Any serious suggestion of a lessening of expenditures for relief on the part of the Federal Government is promptly met by protests from governors of states and mayors of large cities.

There are certain things that must be done during the coming session, however, things that must be on the Administration program.

First, there are the regular annual appropriation bills. Estimates for these will be contained in the budget message and the appropriations committees of the two houses will take care of them as a matter of routine. Subcommittees of the House Committee on Appropriations always meet in advance of a session of Congress to lay the groundwork of these bills.

Reenacting New Deal Legislation

Next come those features of the New Deal which will either go out of existence because of time limits set in the Acts of Congress providing for them, or because it will be necessary for Congress to appropriate more money for their continuance.

For example, the National Recovery Administration, the famous NRA, was established for two years and will automatically come to an end on June 16, 1935, unless Congress enacts legislation continuing it.

The present indication is that NRA will be continued for another year in a much modified form, but it will be the topic of lively discussion in committee and on the floors of the Senate and House before it is finally disposed of.

Several of the lesser New Deal agencies are limited as to time as is the Reconstruction Finance Corporation,

created during the Hoover Administration and extended for a year by the last Congress.

Some of the other money lending agencies must either be continued by law or given fresh appropriations.

New Roosevelt Proposals

Brand new proposals that are expected to come from the White House are further water power legislation, including the St. Lawrence Waterway Treaty, social insurance legislation, and legislation to "take the profits out of war."

In addition to the regular appropriations, the existing New Deal agencies that must be disposed of one way or another, and any new proposals that may be made by the White House, are a few proposals that will originate in Congress.

First and foremost of these is the cash bonus for veterans, second is the 30-hour week bill, and third is old age pensions.

As the session goes along other bills of lesser magnitude in the public eye but of considerable importance to various influential groups will appear. And there is no telling in advance which of them may suddenly develop a lively contest.

The Cash Soldier Bonus Bill

On the eve of the assembling of Congress the cash bonus bill looms as the issue which will bring about the first controversy.

The bonus forces declare that they have a majority in both houses for the passage of the cash bonus bill and, furthermore, that that majority is so large that should the President veto the cash bonus bill, as he has pledged himself to do, the bill will be passed over his veto by both houses.

Suggested Compromise Bill

The current suggestion is that arrangement be made to pay the bonus in monthly installments to those veterans, only, who are now destitute and on relief rolls.

The position taken by the Administration is that this will take care of those veterans who actually need help and that by making payments to them in monthly installments the Government will be protecting them against squandering all their money as might be the case if it were paid to them in a lump sum.

Those veterans now on the relief rolls, Administration supporters point out, are listed with the Federal Emergency Relief Administration and the records of that organization could be used to determine the actually needy veterans.

By making special provision for them the Administration will be getting them off its relief rolls thereby lessening the amount of money accounted for as direct relief.

Cash Bonus Advocates Will Fight

Representatives Patman and his supporters have announced that this compromise will not satisfy them. With so many millions going for relief and loans and benefits to farmers, they declare, there is no excuse for withholding the cash bonus from the veterans.

The cash bonus advocates are not bothering themselves about how the money is to be raised to pay the cash bonus. In the last session there were suggestions for currency inflation to meet bonus demands, but this time the bonus bloc takes the position that it is up to the Treasury to work out a plan for raising the money. It has worked out

plans to raise billions for relief, public works and loans, they point out, and it can raise money for the veterans.

Word from the Administration is to the effect that if Congress passes a cash bonus bill and it is vetoed by the President, the veterans will get nothing and the American Legion and the bonus bloc in Congress can take the blame. If they can work out a compromise bill satisfactory to the President the really needy veterans will be taken care of.

To this the cash bonus advocates retort that they will take their chances, since they are confident that they can pass a cash bonus bill over the President's veto.

Facing a Presidential Veto

As to the soundness of their claims there is much speculation. In fact, the whole fight hinges on whether the strength is there to override a veto.

Representative Patman claims he has 350 of the 435 votes in the House and 70 of the 96 votes in the Senate with him, a sufficient number to override a veto.

In the event of an attempt to override a veto the whole force of the Administration political organization will be thrown into the fight, since such a signal defeat of the President is to be avoided by the Democratic organization at almost any cost.

Should the count of noses be close, the attitude of the regular Republicans will be important. If they decide to throw all their strength back of the cash bonus, provided they can present a solid front, the chances of its passage over the Presidential veto would be magnified.

Heretofore all party lines have been broken in bonus fights in Congress. Bonus bills have been passed over the vetoes of two Presidents—Coolidge and Hoover, and in both instances Republican support of a Republican President broke down.

Friends of the Administration express the firm opinion that the President will be able to control a sufficient number of votes to defeat the passage of the bill over his veto.

The bonus advocates say he may control a good many Democrats but that he cannot control all of them and that they expect to pick up enough Republican and Progressive votes to put their bill over.

Social Insurance

In a statement some weeks ago the President announced that he would advocate unemployment insurance legislation at the coming session of Congress but intimated that old age pension legislation might wait for further study.

That this meant that he would not support old age pension legislation was promptly and vigorously denied by Miss Perkins, Secretary of Labor. Whether the general acceptance of the President's intimation or Miss Perkins' interpretation of it is correct cannot be foretold until the President speaks again.

But no matter what the Administration does, old age pension bills are sure to be introduced. Dr. Townsend, advocate of the \$200-a-month pension for all citizens 60 years of age and over, has opened headquarters in Washington with the announcement that he has already more than a million supporters for his plan and that Senators and Representatives will become well aware of that fact before the session is very old.

The Thirty-Hour Week Bill

Then there is the Black bill for a 30-hour week for industry. The American Federation of Labor is behind this bill, but the Administration and business leaders are

opposed to it. Senator Black will fight for its passage and he will be backed by many of the Progressives and a number of the more radical Democrats.

In addition to these trouble making measures there are several other matters that may cause long and bitter debate in Congress.

The Munitions Investigation

Because of a lack of funds the Senate Committee Investigating the Munitions Industry had to suspend hearings late in December. Senator Nye will ask the Senate at once for \$50,000 to continue the work.

His request will bring to a head the undercurrent of feeling on the part of members of the committee over the action of the President in appointing a commission to study legislation to keep the profits out of war.

Their first retaliation was to make public a statement that the Treasury had reported that the records of the income tax payments of Bernard N. Baruch for 1917 had been destroyed.

Mr. Baruch was Chairman of the War Industries Board during the World War, and with General Hugh S. Johnson, was appointed by the President to work out a legislative program to keep the profits out of war.

The Nye Committee members looked upon this as a slap in the face to themselves. Senator Bennett C. Clark, Democratic Senator from Missouri, a prominent member of the Nye Committee and, incidentally, one of the original organizers of the American Legion, is preparing a bill of his own to take the profits out of war.

If Administration Senators oppose the granting of more funds to the Nye Committee the Progressive Senators are expected to line up behind Senator Nye, in which event a bitter battle will follow.

The Cutting-Chavez Contest

Another situation the Progressives in the Senate are watching with keen interest is that involving the seating or unseating of Senator Bronson Cutting of New Mexico. Cutting was opposed in the November elections by Representative Dennis Chavez, Democrat. Cutting won by a few hundred votes and Chavez has announced that he will contest the election.

Intimations that the Democratic Senators would vote to unseat Cutting and seat Chavez aroused Senator George W. Norris of Nebraska to announce that he would fight for Cutting. Presumably the other Progressive Senators will follow his lead.

Senator Norris has also indicated that he may open fire on Postmaster General Farley on the ground that he should not, as a member of the Cabinet, continue to hold the positions of Chairman of the Democratic National Committee and Chairman of the New York State Democratic Committee.

Early in the Roosevelt Administration the White House warned several Democratic office holders that they must give up either their government offices or their political offices, but this edict was not applied to the Postmaster General.

"Emergency" Legislation

With all these possibilities of discussion in the House and Senate, it seems probable that there will be more debate than there has been so far during the Roosevelt Administration.

Since practically all of the New Deal legislation was

passed as emergency legislation, the question will arise, when some of it comes up for reenactment, as to whether the emergency is still in existence and whether any part of it has actually been overcome during the twenty-two months of the Roosevelt regime.

Opponents of the New Deal are going to ask why, if certain measures have not aided in recovery, they should be continued.

The NRA will be the principal object of attack, since many of its former advocates are already on record as favoring its modification.

The general opinion is that NRA will be given one more year of existence in a much modified form.

Extent of the President's Control

On the face of the returns the President would seem able to control Congress as easily as he has in the past, but some observers are inclined to think that, with so vast a majority on his hands and with less patronage to dispense than he has heretofore had, the President may run into difficulties.

Much comment was occasioned in Washington when the report of the conference of representatives of the National Manufacturers' Association and the Chamber of Commerce of the United States, held at White Sulphur Springs, West Virginia, was announced.

The comment was not so much on the nature of the report, although Administration officials and governors and mayors whose states and cities are drawing heavily on Federal Relief funds attacked it vigorously, as it was on the fact that two outstanding Democrats were appointed on a committee to handle the case of the business men.

Owen D. Young and John J. Raskob

These two Democrats are Owen D. Young, electric utility magnate and a man frequently mentioned in the past as an ideal Democratic candidate for the Presidency, and John J. Raskob, General Motors officer and chairman of the Democratic National Committee from 1928 to 1932.

What influence these men will have among the old line Democrats of the Senate and House is being speculated upon with keen interest.

With so many problems confronting them, Senators and Representatives feel that the way is wide open for the formation of various groups and blocs before the coming session is very old.

The Various "Bloc's"

The labor bloc, the bonus bloc, the pension bloc, the inflation bloc and several others already have fairly compact memberships and it might not take much to increase their proportions.

Experienced men with the Administration, men like Secretary of State Hull, Secretary of Commerce Roper, Postmaster General Farley and Attorney General Cummings, to say nothing of the President, himself, are fully aware of the possibilities of the coming session.

Administration strategy is yet to be announced, but well informed circles in Washington know that behind the scenes a great deal of advance political planning is going on.

So far these members of the Senate and House who have arrived in Washington ahead of the session, express ignorance as to White House plans and all indications are that when they confess their lack of information they are telling the truth.

Emergency "Alphabet" Agencies Facing Action by New Congress

I. Status of "N. R. A."

THE National Recovery Administration was provided for in the National Industrial Recovery Act, approved by President Roosevelt on June 16, 1933. This Act provides also for the Public Works Administration. See P. W. A. next page.

Title I of the Act was designed to promote industrial recovery by the following means:

1. Removal of obstructions to the free flow of commerce by setting aside the provisions of the anti-trust laws which forbid combinations and price fixing in industry.

2. Promotion of cooperative action among trade groups, labor and management for the elimination of unfair competition and the relief of unemployment, all under Government supervision.

3. The President is authorized to establish suitable agencies to carry out the purposes of the Act, such as voluntary codes of fair competition, mandatory codes, trade agreements, labor agreements, limited labor codes and licensing.

The life of the Act is limited to two years, or until June 16, 1935. The provision for the licensing of businesses operating under the Act was limited to one year. This provision was allowed to die in June, 1934, no effort being made by the Administration to have it extended.

Under the Act the President set up the National Recovery Administration with General Hugh A. Johnson, a former officer of the regular army, as Administrator.

The fact that practically every business in the United States was affected, and the unusually colorful and vigorous character of General Johnson, brought a blaze of publicity to the National Recovery Administration, or N. R. A., from the date of its organization. As time went on it became the storm center of various controversies, principally those involving the labor provisions of the Act, contained in Section 7-A, which makes collective bargaining part of every code.

In October, 1934, General Johnson resigned and a board was set up to carry on the administrative functions formerly exercised by General Johnson as Administrator.

The declared purpose of the Act was to increase employment and mass purchasing power. The method by which this was to be accomplished was to shorten working hours so that more persons could be employed, but not to lower wages beyond a fixed minimum, the theory being that unless purchasing power among workers was raised there could be no return to prosperity nor restoration of the general standard of living.

Prices of manufactured products would be maintained at a level which would enable the employer to employ more workers at good wages and at the same time make a fair profit on his products. In order to bring about the desired stabilization of industry, various branches of industry formed associations or "authorities" under the Act, and set up "codes of fair practice," under which codes, or sets of rules, they agreed to operate. There are some 400 of these codes now in operation.

Unless the National Industrial Act is extended by Congress at the coming session, it will lapse on June 16, 1935. Therefore all the criticism of the Act on the one side and all the support of it, on the other, must come to the surface in the near future.

Supporters of the N. R. A. declare that, in the main, it has proved a success and that it should be continued by legislation, with a few changes that practical experience has shown to be advisable, without any sacrifice of the basic principles involved. Opponents say that it has failed of its purpose because it has increased the cost of manufacturing; has increased the cost of articles to the consumer, thereby nullifying the affect of wage raising; has not seriously reduced unemployment, and has been marked by undue Government interferences in business.

When bills are introduced in the new Congress for extension or modification of the National Industrial Recovery Act, they will probably be referred in the House, to the Committee on Interstate and Foreign Commerce and, in the Senate, to the Committee on Interstate Commerce. It is expected that both Committees will hold hearings before reporting a bill.

When the National Industrial Recovery Act was originally introduced it went to the Committee on Ways and Means, in the House, and the Committee on Finance, in the Senate, but that was because it contained provisions for the raising of revenue to pay the cost of public works.

If legislation for continuing the N. R. A. and legislation for raising more money to continue public works expenditures are again provided for in the same bill, the measure will go to the Ways and Means and Finance committees as before.

II. Status of "A. A. A."

THE Agricultural Adjustment Administration was created by the Agricultural Adjustment Act, approved May 12, 1933. This act expresses the policy of Congress to establish and maintain such a balance between the production of agricultural commodities and the demand for them, and to provide such marketing conditions for these commodities, as will restore the purchasing power of agricultural goods to the level which it held during the years 1909-1914. The act also provides for protecting the interests of consumers by insuring that farmers will not receive a greater percentage of consumers' retail payments for the products of agricultural

commodities than farmers received during the pre-war base period.

Two methods of increasing agricultural income are provided for in the Agricultural Adjustment act; one is by voluntary agreements between the Secretary of Agriculture and producers of seven basic agricultural commodities. In these agreements the producers agree to adjust their production; in return they receive compensating benefit payments to prevent their total income from being reduced as a result of their adjustment of production. The other method is through marketing agreements among distributors and manufacturers of agricultural goods. The Secretary of Agriculture becomes a party to these agreements. Their purpose is to improve returns to producers, remedy defects in distributing methods, and protect consumers against undue increases in distributing and retail costs.

Funds for making benefit payments to farmers who adjust their production in accordance with the programs of the Agricultural Adjustment Administration are derived from the proceeds of processing taxes levied by the Secretary of Agriculture on basic agricultural commodities and upon commodities that compete with these basic commodities. The basic commodities listed in the act are wheat, cotton, corn, hogs, tobacco, rice, and milk and its products.

The agricultural adjustment act also provides for efforts toward improving foreign and domestic markets for American agricultural products, and authorizes action to remove from the market burdensome surpluses of agricultural commodities.

Under an Executive order of the President, codes of fair competition for all industries engaged in handling food products were placed under the jurisdiction of the Agricultural Adjustment Administration except as regards provisions relating to wages, hours, and conditions of labor.

Congress appropriated \$100,000,000 for crop control. As of November 1, a total of \$421,697,389 had been paid out to farmers in benefits, while \$550,081,419 had been collected in processing taxes. Of the original \$100,000,000 approximately \$90,000,000 remains unexpended.

It is expected that Congress will be asked to make certain administrative amendments to the Agricultural Adjustment Act, but what changes will be asked for, either by the Administration or by outside critics of the act will not be definitely known until Congress convenes.

III. Status of "P. W. A."

THE Public Works Administration was organized under the authority of Title II of the National Industrial Recovery Act approved by the President June 16, 1933, "to aid in the restoration of purchasing power and to reduce and relieve unemployment through the construction of useful public works."

To carry out its provisions, Congress, with the enactment of the Recovery Act, appropriated \$3,300,000,000. A year later an additional expenditure of not more than \$500,000,000 for public works was authorized. Of this

amount the President allotted PWA \$400,000,000, making the combined public works fund \$3,700,000,000. President Roosevelt, on July 8, 1933, appointed the Secretary of the Interior, Harold L. Ickes, Federal Emergency Administrator of Public Works.

On November 18 Secretary Ickes made public a report in which he stated that:

"On November 1st a total of 1,878 out of the 2,211 projects awarded allotments from the original \$3,300,000,000 appropriation were either completed, under construction or under contract for immediate construction, while 236 out of the 1,798 projects which received allotments since June from the second appropriation have reached those stages. These figures do not include the work being done by railroad companies with allotments totalling \$199,607,800. All railroad loans were made from the first appropriation and all railroad construction work financed with those loans either was completed or well on the road toward completion on November 1st.

"Allotments made from the original appropriation for 2,211 non-Federal projects, exclusive of railroad construction loans, total \$525,460,960, of which \$444,055,604 or 84.5% was allotted to the 1,878 projects from that appropriation that were completed, under construction or under contract and ready for immediate construction on November 1st.

"Allotments totalling \$273,524,423 were awarded from the second appropriation to 1,798 non-Federal projects, of which \$19,679,265 or slightly more than 7% was allotted to the 236 projects from that appropriation that were completed, under construction or under contract and ready for construction on November 1st.

"Bids are being advertised for, preliminary to awarding contracts, on 307 more projects which will be ready to go into construction and put more men to work on building sites and in industries supplying materials as soon as contracts are awarded. Allotments for these 307 projects total \$29,814,500 from both appropriations.

"A large backlog of additional employment for the near future is provided by 761 more projects on which the recipients of the allotments are ready to advertise for bids; bond contracts and grant agreements covering the advancement of funds by P. W. A. being signed up by both the recipients of the allotments and Administrator Ickes. Allotments for these 761 projects total \$145,243,439.

"P. W. A. virtually has finished the largest financial contract writing job in history. Up to November 1st P. W. A. attorneys had drawn up 3,874 bond contracts and grant agreements covering loans and grants totalling \$752,504,326 to States, cities, counties, school districts and many other types of local public bodies, plus contracts covering \$193,531,500 in loans to 30 railroad companies. Only 135 bond contracts and grant agreements remained to be sent out, and in most of these cases P. W. A. is waiting for recipients of the allotments to comply with conditions attached to the allotments when made."

IV. Status of "F. E. R. A."

THE Federal Emergency Relief Administration was created by the Federal Emergency Relief

Act, approved May 12, 1933. This bill authorized the raising of \$500,000,000 by increasing the outstanding obligations of the Reconstruction Finance Corporation, to be used as grants to states and organizations for relief purposes. In addition to \$500,000,000 from R.F.C., Congress made three subsequent appropriations of 500 million, 400 million and 950 million respectively, which, with 50 million granted for civil works, gave FERA a total of \$2,500,000,000. The amounts expended in each state will be found in the list given below.

Harry L. Hopkins, Relief Administrator, has announced that continuation of relief will be necessary during the winter and it is expected that Congress will give consideration to further appropriations soon after it convenes.

Recent criticism by Senator William S. Borah of Idaho, of the cost of distributing relief together with demands from various states for more relief, promises that the consideration of relief legislation, when it comes up in Congress, will furnish a topic for lively debate.

States	Grants	States	Grants
Alabama	\$32,344,679	New Mexico	\$8,345,987
Arizona	9,696,990	New York	203,439,479
Arkansas	26,330,769	North Car.	21,976,133
Calif.	68,681,067	North Dak.	23,590,247
Colorado	20,286,803	Ohio	82,737,871
Conn.	12,746,667	Oklahoma	26,364,299
Delaware	1,749,063	Oregon	11,453,908
D. C.	8,670,471	Penn.	134,170,243
Florida	31,227,617	Rhode Island.	4,318,162
Georgia	30,661,415	South Car.	23,417,729
Idaho	7,737,474	South Dak.	28,923,395
Illinois	96,995,688	Tennessee	19,429,937
Indiana	27,455,912	Texas	52,456,749
Iowa	15,583,303	Utah	11,756,097
Kansas	22,205,761	Vermont	2,334,468
Kentucky	19,107,778	Virginia	12,025,380
Louisiana	29,872,381	Washington	10,205,429
Maine	6,325,676	West Vir.	27,206,847
Maryland	22,302,807	Wisconsin	42,154,969
Mass.	54,491,627	Wyoming	5,874,703
Michigan	67,888,080		
Minnesota	39,298,616	Total	\$1,553,231,640
Mississippi	20,840,026		
Missouri	37,372,541	Alaska	639,629
Montana	15,284,815	Hawaii	3,010,561
Nebraska	15,014,297	Puerto Rico	11,906,540
Nevada	3,047,544	Virgin Is.	939,669
New Hamp.	4,112,875		
New Jersey	44,992,866	Grand total ..	\$1,569,728,039
F.E.R.A. Funds transferred to Civil Works Adm.			\$88,960,000
Table by Div. of Research, Statistics, and Finance, Dec. 7, 1934.			

Federal Allotments Under PWA

Department of Agriculture—Construction of buildings and roads, and purchase of equipment, etc., in connection with field and experimental work—\$457,020,060.

Department of Commerce—Construction of landing fields, lighted airways, etc., fish hatcheries, construction and repair of lighthouses, field surveys, etc.—\$16,427,875.

Department of the Interior—Schools and railroads in Alaska; buildings, roads, etc., on Indian reservations; mining experiment, reclamation service, public land surveys, roads, trails; and improvements in National and Military Parks, battlefields, cemeteries, new buildings, etc.—\$229,015,282.

Department of Justice—Construction and improvement of Federal prisons—\$798,012.

Department of Labor—Construction and improvement of immigration stations, investigation of wage scales, employment service—\$2,784,980.

Postoffice Department—Roofing—\$6,198.

State Department—International Boundary Commission between U. S. and Mexico, for Rio Grande River (international boundary) improvement. International Boundary Commission between U. S. and Canada, maintenance of boundary markers, etc.—\$5,757,318.

Navy Department—Construction of naval vessels, navy yard construction—\$238,000,000.

Treasury Department—Construction of Coast Guard cutters, station repair and construction; construction of Public buildings—postoffices, marine hospitals, quarantine stations, etc.—\$99,592,389.

War Department—Purchase of airplanes, river and harbor improvement, manufacture of ammunition, purchase of motor equipment, construction and repair of buildings, etc.—\$444,968,912.

Independent Offices and Commissions—Architect of Capitol, annex to Library of Congress—\$2,800,000; Federal Emergency Relief Administration, construction work, etc.—\$973,027; Federal Power Commission, public works program of water power sites, electric power investigation—\$700,000; National Advisory Committee for Aeronautics, construction Langley Field, Virginia—\$726,244; National Resources Board—\$400,000; Panama Canal, construction—\$1,000,000; Veterans' Administration, construction, repairs and replacement of equipment and facilities—\$3,006,650; District of Columbia sewer construction—\$1,759,500.

Special Allotments—Civil Works Administration—\$400,005,000; Emergency Conservation Work—\$323,362,315; Emergency Housing Corporation—\$135,329,500; Public Works Administration (administration)—\$56,892,205; Tennessee Valley Authority—\$50,000,000; completion of Federal projects—\$40,700,000; Federal Emergency Relief Administration—\$25,035,000; National Recovery Administration—\$19,615,000; Department of Agriculture—relief, highways, and road inspection—\$7,681,000; National Emergency Council—\$1,160,000; Export-Import Banks—\$1,250,000; Electric Home and Farm Authority—\$1,000,000; Federal Housing Administration—\$1,000,000; Administration of Petroleum Industry—\$824,000; Agricultural Adjustment Administration—\$566,000; General Accounting Office—\$506,000; Federal Alcohol Control Administration—\$500,000; Special Advice on Foreign Trade—\$350,000; National Mediation Board—\$200,000; Central Statistical Board—\$113,000; National Power Policy Committee—\$100,000; National Recovery Review Board—\$50,000; National Longshoremen's Labor Board—\$25,000; National Steel Labor Relations—\$25,000; Secretary of the Interior—\$17,146.

V. Status of "F. H. A."

THE Federal Housing Administration was created by the National Housing Act, approved June 27, 1934.

The principal aim of the Act was to make home financing, on reasonable terms to the borrower, safe and attrac-

tive to private capital. The Act did not provide new machinery for direct loans to individuals by the Government, but was designed to enable banks, building and loan associations and other private agencies to lend money.

A Federal Housing Administration, with a Federal Housing Administrator at the head, was set up to handle the insurance and discounting of modernizing credits, mutual mortgage insurance, and the regulation of national mortgage associations. The insurance of savings and loan accounts is to be conducted by a corporation, of which the trustees are the five members of the Federal Home Loan Bank Board. The Housing Administration began work in August, 1934.

Under the Housing Administration a man whose house is already mortgaged but who is meeting his payments and taxes, and who desires to replace the roof on his house, or store, or shop, obtains bids from contractors and applies to his bank for a loan. If the bank finds him a good moral risk and able to pay off a loan in installments, it may arrange to lend him the funds he needs to pay for the work, or, upon satisfactory completion of the work, the bank pays the amount of the loan to the contractor to settle the bill. The borrower may make out his note either to the bank, or else to the contractor, who, in turn, sells it to the bank.

If the note meets the conditions prescribed by the administrator as to interest, service charges, plan of repayment, and other terms, the bank may have it insured by the Federal Housing Administration. This insurance may protect the bank against all losses provided they do not exceed 20 per cent of the total amount of its modernizing credits. Thus, if a bank has loaned a total of \$50,000 it will be reimbursed for all losses up to \$10,000.

As a further protection to the bank, a provision of the act permits the administrator to discount modernizing credits up to 100 per cent of their face value.

Commercial, savings and industrial banks, trust companies, finance companies, mortgage companies, building and loan associations, production credit associations organized under the Farm Credit Act of 1933, and other financial institutions, may be approved by the administrator as eligible to insure modernizing credits.

Loans must have been made subsequent to June 27, 1934, and prior to January 1, 1936 (or earlier, if the President so orders). No loans over \$2,000 may be insured.

The total liability incurred by the administrator for modernizing insurance must not exceed \$200,000,000, which would permit at least \$1,000,000,000 of such credits to be insured.

The loans must represent actual alterations, repairs, and improvements upon real property, and may cover any type of improvement to the premises. Diversion of funds from an insured modernization loan to any other use is not permitted.

On December 10 the Housing Administration had 11,689 lending institutions, mostly banks, under contract to lend money to citizens to modernize and repair their homes or business properties, of which institutions 3,807 were actually making loans. The number of loans made was 60,443, totalling \$25,350,000. No further appropriations from Congress will be required to carry on the work of the Housing Administration.

VI Status of "H. O. L. C."

THE Home Owners' Loan Corporation was created by the Home Loan Act, approved June 13, 1933. This Act directed the Federal Home Loan Bank Board, which had been created in 1932, to form the corporation; authorized an appropriation of \$200,000,000 for its capital, and the issue of \$2,000,000 worth of bonds, to be exchanged by the corporation for mortgages on homes, the corporation to refinance mortgages on homes, etc. The Act of 1933 was expanded by an Act approved April 27, 1934.

On November 13, 1934, John H. Fahey, Chairman of the Board of Directors of the HOLC, announced that the receipt of applications for loans would be suspended until further notice. Mr. Fahey stated:

"The Corporation has already disbursed approximately two billion dollars, to refinance mortgages on 650,000 homes. The remaining \$1,200,000,000 at the disposal of the Corporation is expected to care for some 400,000 applications now pending. A large part of these applications are well advanced in the process of examination and approval, and will probably be completed and the loans closed by February or March, next. The new applications now being filed could not be reached for many months in view of the accumulation of applications previously filed. Under these circumstances the Board feels that it is unfair to applicants and to the mortgage-lending institutions to continue the acceptance of applications on the supposition that they may ultimately be considered.

"The number of applications filed has been dropping steadily since last Spring and the weekly record now is about one-sixth of what it was at the peak.

"In recent weeks there has been a marked falling off in the number of applications filed at the various State and district offices of the Corporation. At the same time there is steadily increasing evidence that a large proportion of the private lending agencies of the country are now getting in position to resume their normal lending functions and to handle the refinancing of mortgages. A great many of the applications being filed with us can and should be taken care of by the private lending institutions. In round figures the Home Owners' Loan Corporation has already paid out two billion dollars to take over the mortgages on about 650,000 small homes. More than 90% of this money has gone to the commercial banks, saving banks, insurance companies, building and loan associations and mortgage companies and has had the effect of strengthening their resources in a very important way. By February or March the balance of the funds now at the disposal of the Corporation will be disbursed. About 400,000 more loans will be made in this process with the result that in a few weeks a total of \$3,000,000,000 will have been distributed—practically all of it to the lending institutions of the country.

"The Corporation has actually received a total of about 1,760,000 applications, totaling demands for over \$5,650,000,000.

"A careful re-survey of the situation in all sections on which the Corporation has for sometime been engaged, satisfies us that a very substantial proportion of these applications are not eligible and can not be accepted by the Corporation. In spite of every precaution taken, we

continue to receive thousands of applications which we find after investigation are not eligible and cannot be possibly made the basis of a loan by the Corporation. Most of these ineligible cases are cases where the mortgager and mortgagee should work out their mutual problem. The Corporation recommends that wherever possible, the applicant mortgagor continue his payments on his present loan in order that he may be in a position to refinance the loan through some agency other than this Corporation. The continued receipt of these applications complicates our operations and delays attention to the cases which should be expedited."

It is expected that efforts will be made in Congress to obtain further appropriations for HOLC.

VII Status of "T. V. A." and Other Power Projects

THE Tennessee Valley Authority remains the storm center of the power utilities controversy, but is not expected to figure in legislation. Most of the money for TVA, since the original Congressional appropriation of \$100,000,000, has come from allotments out of PWA funds. It is possible that the President will ask for special funds for TVA if he considers that course necessary, but it is expected that they will continue to come from whatever general emergency funds he receives from Congress.

The Edison Electric Institute has obtained the opinion of Newton D. Baker, Secretary of War in President Wilson's cabinet, and James M. Beck, former Representative from Pennsylvania, that the Act creating TVA is unconstitutional, and is planning a legal fight to test the validity of the Act.

On December 17, Thomas N. McCarter, President of the Institute, made a proposal to President Roosevelt that the Federal Power Commission cooperate with the Institute in bringing a test case before the Supreme Court of the United States.

Frank R. McNinch, Chairman of the Power Commission, to whom President Roosevelt referred the request, promptly rejected it. In the meantime, several suits are pending in the lower courts against TVA.

Other Power Projects

WATER power development, being one of President Roosevelt's special projects, is expected to figure prominently in Congress during the coming session.

The President has repeatedly announced that he considers the ratification of the pending American-Canadian St. Lawrence Treaty necessary to the working out of his general plan for nation-wide power development, and it is therefore confidently expected that he will urge its consideration by the Senate during the session.

Whether the Senate will ratify the treaty is problematical. On March 14, 1934, the Senate defeated a motion to ratify. The vote was 46 for ratification; 42 against ratification; 3 paired and 5 not voting. Ratification of a treaty requires a two-thirds vote of the Senate, or 64 votes. Consequently, supporters of the treaty will have to obtain 22 more votes than they mustered last March if the treaty is to be ratified.

On December 17 the President made public a report delivered to him by the National Resources Board, which he had appointed to make a survey of the national resources of the country and make recommendations concerning this development.

In connection with water resources planning, the board advocated detailed studies of these projects:

The Connecticut River power, flood control and stream-pollution project in Vermont, New Hampshire, Massachusetts and Connecticut.

The Delaware River power, water supply and stream-pollution project in New York, Pennsylvania and New Jersey.

A study looking to the coordination of the hydroelectric power to be developed in Northern New York, principally in the international section of the St. Lawrence, and the development of coal-generated, mine-mouth power in Pennsylvania, having in mind condensing water requirements, so as best to conserve the social, economic and industrial interests of the States of New Jersey, New York and Pennsylvania.

The Potomac River project in Pennsylvania, Maryland, Virginia, West Virginia and the District of Columbia.

Red River water-supply and flood-control project in Minnesota, North Dakota and South Dakota.

The Kansas City flood-control project in Kansas and Missouri.

The Pittsburgh flood-control project in Pennsylvania, New York and West Virginia.

The Kanawha-Greenbrier-New River flood control, power and navigation project in West Virginia, Virginia and North Carolina.

The Caddo Dam reservoir on the Arkansas River in Colorado.

The Fort Reno dam and reservoir on the North Canadian River in Oklahoma.

The Brazos Basin conservation and reclamation project in Texas.

The Coldwater-Yazoo River flood-control project in Mississippi.

The St. Francis flood-control project in Missouri and Arkansas.

The interrelation of United States Colorado Basin projects in California, Arizona, Nevada, Utah, Wyoming, Colorado and New Mexico.

The economic aspects of the Central Valley irrigation, flood control, power and navigation project in California.

The Grand Coulee high dam irrigation and power project in Washington.

Whether the President will recommend legislation on any of these projects has not been indicated.

Administration Officials Defend "Alphabet" Agencies

I. "N. R. A."

by Donald R. Richberg
Executive Director, National Emergency Council

I CANNOT state what program for the permanence of NRA will be approved by the Administration or is likely to be approved by the Congress. I am entirely willing to indicate the direction of my own thought, with a clear understanding that my ideas may not be generally acceptable—and that all of us should keep an open mind in the presence of these difficult and novel problems.

In the first place, I believe that there is a demonstrated soundness in the fixing of minimum wages and maximum hours for each trade and industry for the purpose of preventing the worst forms of unfair competition in the overworking and underpaying of employees. If these requirements are fixed by common agreement, if they are flexible enough to fit actual conditions, if they are not the last word, but left subject to improvement by collective bargaining, they should protect both employers and employees and advance the public interest. In the same way by common consent the intolerable evil of child labor should be outlawed from trade and industry.

In the second place, admittedly dishonest business practices should be proscribed. But in the twilight zone between dishonesty and legitimate competition, trade and industry should seek first to establish an accepted standard of unfairness before writing mandatory requirements in a code. Enforcement must fail where there is no general agreement that a law should be enforced. We must wait in patience for the development of a custom that has attained almost the force of law before we seek to write it into law and to compel dissenters to obey it.

In the third place, statistical information, accurate and comprehensive, is necessary for economic security in an industrial civilization. Business should not grope its way ahead in fogs of uncertainty. It is in the common interest that exact reports of production, prices, wages, employment, and such fundamental knowledge of economic conditions, should be available to all who have the desire and intelligence to chart the course of commerce and finance according to the ever shifting balances of supply and demand.

If we are to develop an economic law and order and provide the basis of a democratic method of planning industrial programs, clearly we must change one misconception of the purpose of the anti-trust laws. Those laws were passed to preserve competition—even by the difficult method of compelling men to compete. They were not intended as restraints upon agreements to compete fairly; and yet in their enforcement they have served frequently,

not only to prevent agreements to compete fairly, but also as a means of preventing efforts to compete intelligently.

It is a preposterous idea that in the present industrial world men of common interest should not be permitted freely to exchange information, to discuss policies and generally to improve their abilities to operate their enterprises in the way most effective to serve public needs.

It is also a mistake to think that any law can prevent such natural activities. But in such associations there is always present the temptation to which business men have yielded far too often for their own good—the temptation to seek agreements to limit a fair competition, under the misguided notion that in that way profits may be made more certain. Business men have looked upon the cartel method of business regulation as providing in some mysterious way for having the cake and eating it—that is, preserving a competitive system and eliminating the risks of competition.

This effort cannot succeed and I do not believe that it should succeed—because if it succeeded it would lead eventually to state control of industry. A democratic people will not tolerate the idea of price fixing by private agreement. They will insist on either stopping the system or placing it under public control.

It seems to me reasonable to provide that all trade associations should do business openly and furnish full information concerning their activities to a body which might combine some of the functions and authorities of the administration of NRA and the Federal Trade Commission. Certain activities could be legalized by statute and others forbidden, with provision that in the twilight zone of interpretation a National Code Administration would be empowered to authorize or to prohibit concerted action. Its decisions should be made reviewable—not by an ordinary lawsuit, but by an appeal for a declaratory judgment by a court of competent jurisdiction.

Concerning the knotty issues involved in Section 7(a) of the National Industrial Recovery Act, I will accept at the outset whatever share of responsibility for the writing of that much debated provision the record charges to my account. I am profoundly convinced that, as originally written and presented to the Congress, it expressed clearly a sound principle for the maintenance of satisfactory labor relations.

That principle is that the terms and conditions of employment in modern business operations should be worked out by collective bargaining between an employer and the duly authorized representatives of his employees; and that there should be no effort on the part of the employer to deprive his employees of a fair representation of their interests, either by preventing their self-organization, or by exercising improper influence upon their representatives. Contract, as once defined by Chesterton, is "the slender thread upon which hangs all our civilization." Labor relations, when they concern large groups of employees, can be made certain and satisfactory only through defining them in a contract. But a contract which is brought about through a coercive or fraudulent control

of the agent of one party by the other is not a good contract, legally or morally, and cannot be the basis of sound business relations.

Unfortunately, Section 7(a) was written against the background of a long, continued struggle in this country over the right of recognition of labor organizations. As a result, the immediate reaction to the requirements of Section 7(a), was on the one hand a determination by many of the established unions to expand their memberships and to compel recognition, and, on the other hand, the determination of many employers to prevent any such unionization of their employees and to forestall it by creating or encouraging local labor organizations. In the ensuing contest many representatives of both interests have ignored and violated the principle that voluntary organization should be the basis of collective bargaining.

Warlike demands for the so-called "open shop" or "closed shop" raise a false issue which obscures the real issue of liberty of contract. There are many advantages for employers in having only one organization of their employees with which to deal, provided it is responsible and truly representative of the employees. There are many disadvantages for labor in seeking to compel men to join an organization, which, in order to have solidarity and responsibility, should be wholly voluntary.

If the fundamental principle of Section 7(a) were adhered to, many employers might wisely make contracts agreeing to employ only men belonging to the labor organization with which they had a contract. Many large employers would much prefer to operate under such conditions if they were dealing with a responsible labor organization to which practically all their employees wished to belong. On the other hand, when labor leaders seek to use the employer as the means of coercing men to join their organization, they are not only creating a poor organization, but they are also violating the fundamental principle of Section 7(a).

If employers and employees were both loyal to that sound principle, the employer would not coerce men, either to join a local organization, or a national organization, but would insist religiously upon leaving them entirely free. Labor organizations on their part would not seek to compel men to join either by coercive methods of their own, or by demanding the aid of the employer in building and maintaining their organizations.

As I construe Section 7(a), its dominant purpose in providing for the self-organization of workers and the selection of representatives of their own choosing is to protect individual liberty and voluntary collective action. Employer coercion alone is prohibited in the express terms of the law for two reasons: First, the unfairness of employer influence arises from his undue advantage in having control over the employees' opportunity to earn a living; whereas if employees seek to persuade other employees to join an organization, they are assumed to be equal in persuasive power. Second, any actual coercion of employees by employees would involve the use of unlawful threats or violence. Under many provisions of the law, written long before Section 7(a), such coercion is illegal; and a conspiracy to deprive a man of his constitutional rights or statutory rights under Federal law is made specifically unlawful and subject to some of the severest penalties in the Criminal Code.

To those employers who ask for a law to prevent

workers from being forced by unlawful threats and violence to join organizations against their will, I would point out that such activities are already prohibited by law and that their real complaint is not that there is no law, but that the law is not enforced. In this connection let it be said also that, while men may find excuses for lawless conduct when they are coerced and intimidated in seeking to exercise their constitutional rights of self-organization, those excuses certainly have little merit when the peaceful exercise of such rights is open to them. *Extracts, see 2, p. 32.*

II. "A. A. A."

Note: See article on page 9. A complete pro and con discussion of this question appeared in the December, 1934, number of the CONGRESSIONAL DIGEST.

III. "P. W. A."

by Hon. Harold L. Ickes

Secretary of the Interior and P.W.A. Administrator

No other peacetime program ever attempted by the Federal Government has meant such large and continuous orders for American business and private industry as the PWA program.

These orders covered a wide variety of products, ranging from railway locomotives and freight and passenger cars to window shades. Millions of tons of steel were bought for dams, railroads and public buildings. Millions of sacks of cement were necessary for paving and the construction of the huge dams in the West. Thousands of board feet of lumber were milled for the program. Thousands of gallons of paints and varnishes were ordered. The Army and Navy are buying aircraft and the Army motorized fighting units under the PWA aegis. Practically every line of industry followed in the nation is receiving benefits in the form of business from the PWA program.

In addition to creating direct and indirect employment, PWA was the source of funds for many other Administration activities. It provided \$400,000,000 for the Civil Works Administration, which gave the quickest employment to the greatest number of persons for a short period and served as a tonic to national morale. It has financed the Civilian Conservation Corps with \$323,000,000.

As an example of the work PWA is doing in increasing our capital assets, by June, 1934, all but 28 of the 3,071 counties in the United States had been allotted at least one project.

Schools are distinctly to be classed among the nation's capital assets, and a summary of the allotments made for school construction shows that more than half the school construction now going on in the United States is being financed through PWA. More than 1,000 school, college, university and library buildings will be added to the nation's educational facilities.

Sounding a note new in American life, PWA has undertaken a program to eliminate slums in many parts

of the country and erect in their place healthful, airy, well-arranged low-cost housing. These projects, which will mean wholesale lifting of living standards for thousands of American families, are self-liquidating and will return their financing to the Treasury. When the program is completed, it will mean \$150,000,000 of clear advance in municipal assets.

Much of the money going out into the program will be returned to the Treasury, as all non-Federal projects must pay the greater part of their own way. Already the money has started back, for bolstered by PWA's acceptance, many municipal bonds taken by PWA are now being sold by it on the open market at a premium. Under a law enacted at the last session of Congress, the money received by PWA through the sale of these securities goes into a revolving fund and may be loaned for other qualified public projects.—*Extracts, see 17, p. 32.*

IV. "F. E. R. A."

by Harry L. Hopkins

Federal Emergency Relief Administrator

In spite of the fact that the economic sky is brighter and four million more persons are at work than were employed in March, 1933, there are still millions waiting to be employed. There are four million families representing 17 million persons whose very bread is dependent in whole or in part on public relief funds. These people represent a cross section of America, and are the ones on whom the full force of our economic distress has fallen with swift and tragic effect.

They are not begging crumbs from the table of our Nation's wealth. They are willing workers, anxious to produce their share of our goods, but deprived of their opportunity because of the temporary maladjustment of our industrial system. Their needs cannot be adequately expressed in numbers or percentages. Rather may they be realized only through an intimate acquaintance with the heartbreaking tragedy that darkens the life of a family whose very home is threatened, whose children are without shoes, and for whom food and clothing are inadequate to meet even the bare necessities of life.

Those of us who have lived in reasonable comfort during the past five years cannot be expected fully to comprehend either the tragedy of unemployment and poverty or the discouragement and bitterness which come from a man's hopeless search for work—work which means not only food for his children but an existence apart from relief. Few Americans like relief. The great army of those now on the relief rolls ask for nothing more than their rightful opportunity to earn their own living.

Who are these people? Well, they are your neighbors and mine, your friends and mine. I know that there are thousands who have actually gone without the necessities of life rather than seek aid.

Four million families are on relief; 17 million men, women, and children live in these families. There are children now living in homes during whose lifetime the head of the family has never had regular employment. Behind these figures are individual tragedies and grim

forebodings that would have gone beyond endurance had not the Government come to their assistance.

To give relief to these people the relief offices must make over 30 million separate transactions a month—paying wages or work relief and giving orders for food and clothing. It requires the organization of work divisions and of tens of thousands of work projects to employ the two million men who get relief through work on public projects.

It means organizing relief in the far flung drouth areas to provide feed for livestock where nature's supply failed and to provide clothing and shelter because the whole economic life was swept away. It means the moving of 13 million head of livestock from the drouth areas to be slaughtered and processed to provide food for the unemployed.

It means the movement of enormous quantities of other farm products which have glutted the market. It means the organization of work projects for the young people of relief families that may go to school instead of wandering the streets vainly seeking work. It means the organization of thousands of classes to permit employment on a relief basis of 40 thousand needy teachers.

It means the intelligent utilization of the abilities of unemployed engineers, architects, draftsmen, actors, artists, musicians, nurses, doctors, and dentists to perform a myriad of services instead of letting them be subject to the despair which is acquired through long days and months of idleness.

It meant last Winter the placement in thirty days of four millions at work under the Civil Works Administration. In short, it has meant and does mean the mobilization of the forces of America to give relief promptly, adequately, and intelligently, in the most gigantic enterprise ever undertaken by government to give its unemployed the necessities of life to which they are entitled.

How is relief administered? There is a relief administration in every city and county—nearly five thousand of them, with hundreds of additional branch offices. Each office must have a place where persons can apply for relief and where a skilled and sympathetic person can receive and record their application. In every case, a worker with training and ability must make an effective inquiry as to whether the applicant actually needs relief. This involves a visit to the home, an inquiry whether friends or relatives could help, and whether funds are in the bank, or whether there are other sources to be drawn on before relief is given.

When you realize thousands of people apply every day for relief and that everyone must be investigated, whether or not relief is given, you will quickly appreciate the extent and vital importance of this branch of the relief organization. We endeavor to make these investigations promptly, and to give relief when necessary during the investigation so that no one shall suffer during its progress.

What does it cost to administer relief? The facts are known; our office and every State office and every local office has a complete record of every administrative cost. Since I became Federal Relief Administrator and under the direction of the Federal Emergency Relief Administration, some two billion dollars have been expended, of which only seven and one-half percent has been spent for administration.

This has included thousands of persons actually on the

relief rolls and receiving their relief working in the administration offices. It includes countless others who would need relief were it not for the modest job which they have in the relief administration. It also includes those persons who are employed because of their training and ability to administer this job properly.

To cite a specific instance. The gigantic enterprise incidental to administering drought relief in twenty States cost one percent for administration.

It should be stated that well-organized private agencies spend from thirty to forty percent of their funds for administration and services to families. From my long acquaintance with these agencies I am convinced that the monies they spend for these services are funds well spent.

I recognize that the administration of the public funds that have been turned over to us by the American people is a public trust. In this spirit and in this devotion to the Government and its people, the Administration in Washington is dedicated. With this conviction its daily acts are motivated.

I have said, and I say again, that while relief has met the emergency needs of the unemployed, it is not an effective and satisfactory method of meeting this problem over a long period of time. A way must be found to meet this problem of the unemployed, and of providing them with an opportunity for an American way of life.

The President has stated that first things must come first, and to the unemployed he has given the assurance that their needs, that their problems, are ours. It must give them great assurance that the man in the White House is determined that the Nation shall neither neglect its responsibilities nor despair of our economic progress.

There are those who looking backward confuse the sunset with the dawn. They choose obsolete by-roads; but under the leadership of the President, broad new highways are being built. These highways lead to hope and opportunity for a courageous people.—*Extracts, see 1, p. 32.*

V. "F. H. A."

by James A. Moffett
Federal Housing Administrator

THE Modernization Program, as stipulated in the National Housing Act, is to continue until December 31, 1935; so it is to last through more than a year. When we bear in mind that, according to careful surveys, at least 29,000,000 American homes are prospects for modernization, we realize how immense the market still is for labor and all the many materials needed in repairing and equipping homes to bring them up-to-date.

Those who have kept so closely in touch with the program know how easy and convenient it is for the owner of a home or business property to finance the modernizing of his holdings. Anybody who is a property owner, reliable, and receiving an income that will enable him to repay his loan in monthly installments can borrow the money. Under our plan, he can get it from any lending institution approved by the Administration, provided he asks for not less than \$100 nor more than \$2,000.

That makes every property owner a business prospect for the building industry, and for all other lines engaged in furnishing and equipping homes and business structures.

One thing to which I would like to call special attention is the fact that through our modernization campaigns, we are creating a year-round market. There are building and home equipment companies which in the past have had seasonal advertising. But we believe we are creating an all-season demand for modernization and all the products needed in repairing and furnishing homes.

There is never a season when building and modernization are not in order in one or more sections of the United States.

For instance, winter does not slow up building or modernizing in vast areas of the country, such as Florida, Texas, many other Southern States and California.

There will be another development from this Modernization Program. We are educating thousands of banks in the special kind of financing that they are using for modernization. That is, lending money on character credits and time payments.

Under our Government insurance plan, money may be borrowed for home modernization by any man who is reliable and has a steady income indicating his ability to pay back in monthly installments what he borrows.

Up until last August, when the campaign started, only about 350 lending institutions had ever loaned on character credit. Now thousands of them are learning that there is no better credit in the world than that of the reliable, employed American citizen who promises to pay back what he owes.

It would be a great misfortune to the country and a great loss to industry if this character lending came to a stop the last day of 1935. That it will not come to a stop, we are convinced.

The Housing Administration is educating the banks to carry on indefinitely a tremendous amount of lending, which will be a godsend to industry, and therefore an opportunity to develop far more business than in the past.

Great as the modernization market is, a still more enormous one is about to be presented. I refer to the New Construction Program as provided for under Titles Two and Three of the Housing Act.

This program is for the building of new residences. The Housing Administration published, the first of November, the rules and regulations controlling it. The basic feature is 100 per cent mutual insurance of mortgages on homes up to 80 per cent of their appraised value, each home not to cost more than \$20,000, the mortgages to run twenty years or less.

We are authorized by the Housing Act to insure a billion dollars of mortgages on new homes and another billion of old mortgages.

I am conservative when I say that this country needs now 5,000,000 new homes. Five million homes, with the average cost of each home as low as \$4,000, gives us a total of twenty billion dollars in new homes as soon as we can get to the job of building them.—*Extracts, see 5, p. 32.*

VI. "H. O. L. C."

Note: See article on "Status of H. O. L. C.," page 12.

VII. "T. V. A." and Other Power Projects

by Frank R. McNinch

Chairman, Federal Power Commission

WHEN President Roosevelt, with the cooperation of the Congress, launched his power program, critics declared the plan visionary, impractical and certain to fail. The wish was father to the thought. But the zealous hope for failure was doomed to disappointment and the lamentations of these Jeremiahs are no longer heard in the land.

For the past year their fears have been not of failure but of the success of the administration's power plans and a nation-wide barrage of propaganda has been laid down to mislead and frighten the people. But the attack not only failed, but has solidified the support of this program by the people, for they knew that behind the smoke-screen of "poor widows and orphans" stood their tearful and valient defenders, those entrenched manipulators who have been reaping their millions where they have not sown.

And now press dispatches indicate that the Edison Electric Institute, which is controlled by holding companies and represents about 80 per cent of the electrical industry, may be planning an open and mass attack upon the Government's "yardstick" power developments. Two eminent lawyers have been employed by the institute and have rendered an opinion to the effect that the Tennessee Valley Authority act is unconstitutional. Whether such opinion may be the basis for an intended assault on this legislation and, possibly, also, upon legislation underlying other Federal projects is not known. The legal right to pursue such course is beyond question. The wisdom of thus challenging the combined judgment of the Congress and the Chief Executive, directed toward economic recovery and the permanent weal of our citizenship, may well be the subject of calm and patriotic consideration before decision.

Recognizing, as I do, the great importance to our national welfare of a soundly based prosperity for the power industry, I indulge the hope that plans for obstruction may give way to measures of cooperation, that attack may be abandoned for support of the Government. But if attack is made, I am certain there will be no retreat by the Federal forces.

If I have read the history of the industry correctly, if I sense public opinion accurately, discretion would seem to suggest that the industry turn its back upon the past with its grievous offenses against the public interest and courageously face the future with a resolute purpose to administer these public utilities in response to the just demands of the changed economic conditions in the new era in which we are living.

The Government's program for vastly increased power consumption at lower rates has opened a wide door of opportunity to the power industry. If it has the vision to see and the enterprise to advance into the wider domain of public service, it will find there millions of new customers, while selling more current to present consumers. Thus will it build a broader and more stable base

of increasing revenues, an added element of security for investors and assurance of legitimate profit earned through better and cheaper service. This will follow upon the familiar and primary principle that consumption of a commodity or service increases as the price decreases, and in the case of electricity, as the use goes up, the cost of producing this service goes down. Numerous experiments by privately and publicly owned power plants have demonstrated the truth of this. It should now be clear to every one that the old system of limited sales at high rates is outmoded, and that America is thinking in terms of volume production and volume consumption of power at greatly reduced rates.—*Extracts, see 12, p. 32.*

by Hon. George W. Norris

U. S. Senator, Nebraska, Republican

If private utility companies refuse to sell their properties to municipalities in the Tennessee Valley which desire to utilize these properties for the distribution of TVA power, the municipalities should build their own distributing facilities.

The Tennessee Valley Authority has advised municipalities to buy the existing private systems although they had the power to go ahead with their own. In each case of such purchase agreements have been reached between the municipalities and the representatives of the private companies.

By virtue of these agreements, no honest investment was sacrificed. It is true that the water was squeezed out of the valuation, but in some cases, at least, the agreement went so far as to provide the sale of some of the securities at higher prices than they were selling for upon the market.

Vexatious and annoying suits have been started on the ground that the officers of the private companies had no authority to make the agreements. The litigation not only means unnecessary expense, but is preventing the municipalities from going ahead with their distributing plans and compelling the consumers, while the cases were in court, to pay higher rates for their electric power.

Under this condition it seems that nothing remains for the Tennessee Valley Authority and these municipalities to do except to go ahead, as they have a legal right to do, in the construction of municipal distributing systems, and then to purchase their power of the Tennessee Valley Authority.

This will perhaps result, it is true, in destructive and expensive competition and in considerable delay. It will also probably result in the almost complete destruction of the value of existing distributing plants.

If it be true, as it is claimed by the plaintiffs in these suits, that the officers of the private companies have no power to make these contracts, and that by the making of them they have disregarded the duty they owed to their stockholders, then it would seem that the anger and aroused feeling of these injured investors should be turned against their own officers and not against the officials of the municipalities or the Tennessee Valley Authority.—*Extracts, see 7, p. 32.*

Programs and Recommendations Offered 74th Congress by "New Deal" Leaders

by Hon. Daniel E. Roper
U. S. Secretary of Commerce

"1. Restore as rapidly as possible the return of relief responsibilities and administration to States and localities in order to relieve the Federal Government of its large relief expenditures.

"2. Plan a sound public works program that will provide worthwhile projects of general utility, where such aid is most needed, without conflicting with private investment and private industry.

"3. Devise a practical plan for unemployment reserves which will bring a spirit of greater assurance and safety to employees without penalizing business progress.

"4. Open foreign markets to secure a more extensive exchange of goods.

"5. Prepare for Congress suggestions and recommendations looking to the preservation of those features in the National Recovery Administration which have proved workable and successful and the elimination of those which have not. This must include the readjustment of code operations in the light of experience and administration so as to safeguard equitable treatment for all business and industry, large and small.

"6. Seek every means possible to re-employ capital. This is just as vital a recovery asset as the reemployment of labor, and business must seek every means possible to release and re-employ capital."—*Extracts, see 16, p. 32.*

by Hon. Robert F. Wagner
U. S. Senator, New York, Democrat

1. A qualified scrapping of price fixing under the NRA.

2. Ending of NRA's production limitation phase.

3. Reduction of widespread Federal expenditures to stimulate industry when industry is completely revived and prepared to stand entirely on its own feet.

4. Extend Federal control over some public utilities.

5. Continue to regulate minimum wages.

6. Excessively long hours shall remain proscribed.
7. Sweatshops to be kept closed.
8. Child labor to remain banned.
9. Continued protection afforded the small bank depositors and investors.
10. Employees shall be safeguarded in their right to organize and bargain collectively.
11. Business shall have the right to guard itself against destructive competition of the trickster and gangster.
12. Combining the share-work idea with old-age pensions.
13. Compulsory unemployment insurance.

by Hon. Edward P. Costigan
U. S. Senator, Colorado, Democrat

1. A greatly expanded and much more rapidly prosecuted public works drive against unemployment, with perhaps three billion dollars alone for grade crossing elimination.

2. Social security legislation, including Federal assistance in promoting old age pensions.

3. Enactments tending to curb the growth of monopolies.

4. Legislation designed to assure genuine collective bargaining.

5. Further helpful consideration of the needs of World War veterans.

6. Submission to the States of a constitutional amendment eliminating tax-exempt securities.

7. Constructive efforts to assure increased Government control of credit and currency.

8. Legislation to curb excessive service charges by private electric power interests and strengthening Federal and municipally operated projects.

9. Speeding the prosperity of the metal mining industry with improved national prices, through more effective purchases and increased use of gold and silver.

10. Restoration of Federal wage cuts to meet advancing living costs.

11. More scientific and effective gift, estate and income tax legislation.

12. Adequate appropriations for the Federal campaign against crime, in which must be included lynching.

13. Legislative efforts to subject our munitions industry to Federal regulation and to inaugurate steps for effective international supervision of the industry.

14. Legislation designed to establish and improve national and international means for averting threatening world wars.

The Legislative Proposals of Organized Labor

by The American Federation of Labor

MEASURES embodying the legislative proposals endorsed and approved by Labor are being prepared in detail for consideration and action by the Seventy-Fourth Session of Congress. Labor will petition Congress to enact the following legislation:

First: A thirty-hour week measure similar to the Black Bill which was favorably acted upon by the United States Senate during the Seventy-Third Session of Congress. Labor offers the thirty-hour week bill as a partial remedy for unemployment. Only through a reduction in the number of hours worked per day and per week, so that the amount of work available may be equitably distributed can the millions of workers now idle be accorded an opportunity to work and earn a decent living.

This unemployment remedy proposed by Labor is in direct contradiction to the demand of individual industrial leaders and manufacturers' associations for an increase in working hours. How it is possible to take up the slack of unemployment through an increase in the number of hours worked per day is beyond human comprehension.

Industrial management is constantly displacing workers through improvement in mechanical devices and the substitution of machinery for hand labor, adding to the millions unemployed, and, at the same time, demanding the maintenance of the status quo regarding the length of the work-day and work-week or demanding an increase in the number of hours worked per day.

The time has arrived for all classes of people including the owners and managers of industry, to face stern economic facts. Industries covered by industrial codes of fair practice can not provide employment to workers for the number of hours incorporated in said codes. Labor is firmly convinced that the thirty-hour week bill is necessary to economic recovery and essential as a practical remedy for unemployment. We shall appeal to Congress to supply the remedy through the enactment of a thirty-hour work-week bill.

Second: An industrial disputes act patterned after the Wagner Disputes Act, outlawing company unions and providing for the continuation of the National Labor Relations Board.

Experience during the past year has demonstrated the necessity for the enactment of such a measure. Company unions, financed, fostered and maintained by corporations, are contrary to a sound public policy. They serve as the medium through which corporations exercise complete control over the economic lives of the workers. There can be no economic freedom in plants where company unions exist. In fighting to secure the enactment of legislation outlawing company unions, Labor is fighting to make workers economically free and to democratize industry. Collective bargaining is a farce when it is carried on between a corporation management and its own

company union. There is nothing which so seriously threatens the peace and tranquility of industrial communities as the forced acceptance of company unions.

Every large employer of labor ordered by the National Labor Relations Board, set up by action of the last session of Congress, to permit elections to be held for the purpose of collective bargaining, has refused to cooperate and challenged the decision of the Board. That means, in every instance where the National Labor Relations Board ordered an election for collective bargaining purposes, its decision was flouted and denied. Labor seeks to secure a remedy for this situation through the enactment of a practical, workable industrial disputes act.

Third: The extension of the National Recovery Act. Labor will propose the extension of the National Recovery Act, retaining therein Section 7-A providing for collective bargaining, the abolition of child labor, the elimination of unfair trade practices, and the equal, adequate representation of Labor with industry upon code authorities established by industrial codes of fair practice. Labor will also seek to secure equal representation with industry in the administration of the National Recovery Act. Labor will oppose any relinquishment of governmental supervision and control over the development, application and administration of industrial codes of fair practice.

Fourth: Unemployment insurance and old age pension legislation. Labor will be prepared to offer such amendments as may seem necessary to social justice legislation formulated and approved by the President's Committee on Economic Security.

Fifth: The restoration of the wage reduction by January 1, which was imposed upon Federal employees by action of the Seventy-second session of Congress. It is the purpose and intention of the American Federation of Labor to make a drive for prompt, immediate action upon this measure. The economic, social and industrial facts call for an immediate restoration of the pay taken from Federal employees.

While these legislative proposals will be considered as the major part of Labor's Federal legislative program, there are other measures of great importance which will be supported by Labor and its friends. It is the intention and purpose of the American Federation of Labor to utilize its organized instrumentalities in mobilizing the more than thirty million wage earners with their friends, in support of this legislative program.—*Extracts, see 8, p. 32.*

Labor's Complaint Against N. R. A.

by William F. Green

President, American Federation of Labor

THE primary purpose of the National Recovery Act was to develop a co-partnership rela-

tionship between the government, industry, and labor. In every step taken in the furtherance of the National Recovery Program, Labor has cooperated to the fullest extent and to the greatest degree. Unfortunately, business interests as represented by the United States Chamber of Commerce and the National Association of Manufacturers, have refused to recognize the partnership of Labor in the National Recovery Program. These interests have refused to agree to accord Labor representation upon code authorities; have opposed the application of Section 7-A of the Industrial Recovery Act, which provides for collective bargaining and which is embodied in every industrial code of fair practice. Business interests as represented by the United States Chamber of Commerce have discharged and discriminated against thousands of workers because they exercised their right under Section 7-A to join a labor union. In addition, the National Association of Manufacturers publicly declared their refusal to abide by the decisions of the National Labor Relations Board and called upon all members of the National Association of Manufacturers to refuse to comply with the decisions of the National Labor Relations Board providing for majority representation. The steel manufacturers have threatened to institute court proceedings in an effort to prevent the application of the decisions of the National Labor Relations Board.

While announcing publicly the purpose of the Chamber of Commerce to cooperate with the government in the effort to accelerate national recovery, it denounces Labor as unreasonable in its attitude and unfair in its demands. Before Labor can accept the offer of the Chamber of Commerce to cooperate with the government in the promotion of economic recovery as sincere and genuine, it must publicly announce its willingness to comply with Section 7-A of the National Recovery Act as embodied in industrial codes of fair practice, and its willingness to abide by the decisions of duly constituted authorities, set up by Act of Congress for the purpose of promoting industrial peace, as represented by the National Labor Relations Board, the National Steel Labor Relations Board, and other boards of a similar character. Section 7-A and these boards are a part of the instrumentalities created by Act of Congress and established by the administration for the purpose of promoting economic recovery and labor and industry cooperation. There can be no cooperation on the part of any group until they are willing to recognize and accept the governmental instrumentalities through which cooperation can be extended.

Labor accepts its full responsibility under the provisions of the National Recovery Act. It will cooperate fully in code making processes, will recognize its obligations to the fullest extent, will conform to the requirements of Section 7-A of the National Recovery Act, and will accept the decisions of the National Labor Relations Board providing for majority representation in collective bargaining processes.

We challenge the United States Chamber of Commerce and the National Association of Manufacturers to meet this character of cooperation and to publicly announce their willingness to do so.

Unless the Chamber of Commerce meets this challenge, we must regard their utterance as the voice of Jacob and the hand of Esau.—*Extracts, see 6, p. 32.*

A Business Man's Comment On "Cooperation."

by B. C. Forbes
New York Financial Writer

ARE Washington officials playing fair with business? One responsible business man writes:

"How is business going to cooperate with the President when he and his subordinates are doing everything they can to antagonize business? Actions count, not words.

"What good does it do for Mr. Roper and Mr. Richberg to assure the business men that the Government intends to cooperate with them, when the Government is engaged in 250 different kinds of business competing with taxpayers?

"Do you think business can cooperate with the Government as long as the Government is fostering the doctrine that everybody who has a dollar is dishonest?

"The National Democratic platform of 1934 was the most constructive and conservative adopted by the Democratic party in my lifetime.

"Suppose it had declared for the killing of pigs, the ploughing under of cotton and wheat, the destruction of property, the teaching of the doctrine that one ought to loaf, spend what he does not have, and borrow what he cannot repay, the repudiation by the Government of the contracts, going off the gold standard, engaging in all sorts of business in competition with private industry, the recognition of Russia, teaching the doctrine that every man who has a dollar is dishonest, etc., etc.—How many States do you suppose the Democratic party would have carried?

"Yet all the above is now being done by the so-called Democratic party.

"Mind you, I am a Democrat and supported Mr. Roosevelt.

"We are going to have no different condition of affairs until the Supreme Court reaffirms views and principles that the bench and bar have thought for years were settled. Nothing else will bring order out of chaos . . .

"This letter is confidential. We are Russianized now and no man who is in business can afford to publicize his views. I never thought that this country would arrive at that condition."

I've encountered that view time and time again since I began urging men of affairs to accept Washington's proffered hand of friendship. Whereas the bookworms who formerly had the President's ear were cocksure that they, that the Government, could restore prosperity without any aid from the employing classes, by the sole process of spending unlimited billions of taxpayers' money, what did Donald R. Richberg, the President's most-trusted colleague, admit the other day in pleading with industry and business to put men back to work? This:

"The Government can't do it."—*Extracts, see 10, p. 32.*

Presenting the Case for "Little Business"

by Mark Sullivan
Political Commentator

I THINK we must divide the familiar word "business" into two words. There is so much difference between the conditions of big business and the conditions of little business that no one word can adequately cover both. The effect of government policies on the two is so different that it is utterly misleading to group the two in the one classification, "business."

The little business man is an owner, usually the sole or chief owner of the store or factory he runs. Without knowing anything about it I should doubt whether Mr. Swope's ownership in General Electric is as much as 1/100th or even 1/1,000th of its enormous capital. The small business man, as a rule, created the business he runs; most of the heads of big business are hired administrators. The small business man as a rule has his all in his business. The big business administrator is commonly a man of wealth independent of his business connection.

The difference in mental attitude between two men thus situated is much greater than the difference in religious mental attitude between a Catholic and a Protestant. To think of the two as having wholly common interests is almost fantastic. The mental attitude of Mr. Swope toward the General Electric may be something like that of a college president toward his institution; the mental attitude of the small business man has the intense personal concern of a parent for his child. What Mr. Swope might assent to in N. R. A. might be bitterly rejected by the small business man.

It seems to me, the policies of the New Deal tend to foster big business and harm little business. And I think that the little business man is the very ideal of what we should preserve in America. The little business man is the true "rugged individualist," and the tendency to exterminate him by Government policies seems to me tragic.

It is true conditions are better. And the efforts of evangelists of recovery are most worthy. At the same time I am satisfied that many small business men have a sense of fear and oppression.

I cite some examples that have recently come to me in letters from various parts of the country. They constitute, very roughly and sketchily, of course, a survey of the state of the nation as seen by the small business man.

In Natchez, Miss., Mr. Joseph Zuccaro had a little capital—I should judge from the records of his case it must have been about \$10,000 (which, incidentally, he has lost as a result of his experience with the New Deal). Mr. Zuccaro with a partner decided to go into the ice manufacturing business. They were informed that they

could not make ice without getting permission from N. R. A., because the code of the ice manufacturing industry contains the following extraordinary provision:

"If at any time an individual, firm, corporation, or partnership desires to establish additional ice production * * * said party must first establish to the satisfaction of the administrator (of N. R. A.) that public necessity and convenience require such additional production."

Mr. Zuccaro asked N. R. A. permission to go into the ice manufacturing business. When he found he might have difficulty he got some 900 citizens of Natchez to sign a petition in his behalf. His application went before an N. R. A. Committee of Arbitration and Appeals, which committee was made up of three men already in the ice manufacturing industry in towns not far from Natchez.

Mr. Zuccaro's application was denied. In a letter to me he says—very mildly, as it seems to me: "I am sure that America's ideals are not reflected in such summary disregard of its citizens' most sacred and inalienable rights to engage in a gainful and honest occupation."

In a little upstate New York town, with the alluring name of Trout Brook, Mr. C. W. Peak was a small manufacturer. Was, but is no longer. The account of his destruction I condense from a letter he wrote me:

"I have operated a wood chemical plant in this small town for the past 35 years, employing from 40 to 50 men. Under the code of the hardwood distillation industry I was compelled to nearly double the price per hour paid to my employees and reduce their hours, which together increased my operating costs 100 per cent. * * * I operated under the code for six months and have now closed my plant. The closing of my plant, because there is no other industry here, has put some of the employees on relief work. Nearly every man represented a family."

Near Malone, N. Y., Mr. Will Preston is a section hand on the railroad. He has a family of six and lives on a small farm of about 20 acres. His earnings are perhaps less than \$15 a week. To increase his income a little he keeps one brood sow. Last winter she bore a litter and Mr. Preston raised four of the pigs. These he slaughtered recently and sold to the local meat dealer. For the four he received \$37.44. Presently a Government tax collector called on Mr. Preston and demanded a processing tax of "\$8 and some cents with an exemption of \$3—a net tax of \$5."

From an intelligent and public-spirited man in a Midwestern small city, whose associations are with small business, I received the following comments on the state of mind he encounters:

"That which thwarts our recovery most is fear. I have never seen people so uncertain. Formerly our Government was so far from us that the average man thought very little about it, but now the average man, as you meet him on the street, is wondering what the Government is going to do."

"The N. R. A. code officials are busy scattering literature to workmen telling of their rights and that all they

need to do is to complain to the Government and the Government will adjust it. These Government men are very numerous.

"The general feeling among business men is that if their code stands they will go out of business. We all stand in fear of the Government. In Russia, Germany and Italy fear of the government is in every man's breast; but without exaggeration I will say there is no more fear of Mussolini or of Hitler than we have of our Government on our own streets."

If this picture is correct, if small business men are in fear, if they have a sense of threatened oppression, then there can hardly be business recovery. Some 20 years ago Elbert Hubbard wrote that "business is done on enthusiasm, on hope, animation and good cheer." And small business is much the larger part of all business. Businesses employing fewer than 250 hands are something like 95 per cent of the total business of the country.—*Extracts, see 14, p. 32.*

A Further Plea for "Little Business"

by Owen L. Scott

Special Writer, Consolidated Press Association

THIS is the story of a small city business man. He had been a boyhood friend of the writer, who ran into him accidentally during the past week while the visitor was in Washington seeking a direct loan from the Government.

The N. R. A., the A. A. A., the R. F. C. and the Federal Reserve banks were all very real to him. They had come to represent to him something verging on economic life and death. His experiences during the past year and a half show how happenings in Washington can tie in directly with the affairs of the man in business, and deeply influence those affairs. Government under the New Deal, he found, is something more than a remote and intangible power, felt only at income tax paying time.

This man left college to enlist in the Marines at the start of the war. He went through all of their engagements in France and returned to enter the department store in which his father was a partner. The business had been very successful for a quarter of a century. Since then his father died and he has become head of the enterprise.

Located in the heart of Middle Western farm territory, the store's business was largely affected by the buying power of farmers. Things didn't boom in that part of the country even during the 1920s, but the store, which was one of the largest in the community, weathered successfully the years up to 1930. By drastic economies it kept going on an even keel until early in 1933, although inventory losses cut into working capital.

Then came N. R. A. with its Blue Eagle, and the start of real trouble for this particular business man. His costs shot up sharply. The number of employes jumped from 100 to 150, as hours were cut to comply with the code.

Wage increases added further to expense. Thousands of dollars were added to the cost of doing business. That was all right, however. The employer was glad to enter the prosperity procession and throw his reserves into the pot, on the gamble of benefiting in the end.

But events did not work out as scheduled by Gen. Johnson. Prices of goods at wholesale rose rapidly. That took more working capital to keep the shelves stocked. Also, it required that retail prices be advanced, and there needed to be a bit more of a margin to take care of the wages of new workers. Either that had to happen or volume of business had to increase if loss were to be avoided. The hub of the story is that volume didn't go up and buyers resisted price increases.

Farmers took a dislike to the Blue Eagle, or at least to what they regarded as Blue Eagle prices. They turned to buying more of their goods from mail-order houses. Also, store owners in small towns, exempt from N. R. A. restrictions, began to undersell the city stores. The result was that goods had to be sacrificed to move them. That cut further into working capital.

In good time, when there were sizable profits, the excess either was plowed back into the business or put into real estate in the town. Now, with the pinch being felt, the store-owner tried to borrow on real estate, but without success. He sought to borrow from the banks, but they refused anything but 90-day commercial loans on the ground that national bank examiners would throw out the notes otherwise.

So he then sought to induce N. R. A. to let up somewhat on its restrictions. A prominent young N. R. A. official finally went out from Washington. The figures were put before him, but, according to the business man's story, the official brushed the papers off the table with the remark: "I never was interested in figures." Nothing came of that. Instead, assessments began to come for the support of the code authority. There were two of \$1 for each employe and last week a third assessment of 62½ cents was levied. The business man is regularly paying the assessment.

But, it was suggested, aren't employers simply ignoring the codes when they pinch? That's the story frequently heard in Washington.

Not out in that country, he answered. There is a State compliance director in the town drawing \$8,000 a year and an assistant at \$6,000, and they try to earn their salaries.

What about A. A. A. payments to farmers and Public Works Administration expenditures? Didn't they help revive things?

Both would help greatly, he remarked. But Government checks were promised to hog farmers for delivery about 10 months ago. They haven't arrived yet because a county agent in the county told the farmers that this would be a good chance to mulct Uncle Sam of some extra cash by kiting their figures. But Uncle Sam wouldn't mulch, and so \$600,000 that should have gone into the region is unpaid.

As for public works, two big projects were planned. One was a high school addition. Bidding for the contract was on the basis of the then prevailing wages for skilled labor at \$1.10 an hour. But about time action was to start an A. F. of L. organizer came on the scene and said nothing would be done at a wage of under \$1.50 an hour

for skilled workers. So more Government money is waiting to come into the region for spending, but hasn't arrived.

Up against an acute problem, the business man closed down two of five floors in his store, let out clerks until his employes number fewer than 100 and settled down to fight it out. He reported that October showed a profit.

But there still is need for capital. The employment gains that came early in N. R. A. have been wiped out. There is offered a situation of the type that must have been in the mind of Donald Richberg, No. 1 assistant to President Roosevelt, when he said the other day, speaking of N. R. A.:

"Unless these measures to provide new and permanent opportunities of employment are speedily made effective, we may soon find that shorter hours, increased wages and increased production costs will not relieve, but on the contrary may increase the problem of unemployment, which must be solved."

While this particular business man's troubles were caused in part by the requirements of one Government agency, the writer found him trying to solve those troubles through another Government agency. He was looking for credit. With him was a banker who was willing to extend that credit if the Government, under legislation passed by the last Congress, would underwrite it for 20 per cent and allow the loan to be classed as liquid. He wanted that so book examiners would not class the loan as "frozen."

The store owner had been trying since July 15 to get that direct Government loan, which Congress intended to make available to employers in his position.

He had started with the Federal Reserve bank in his district. He had filled out the intricate application form. His collateral had been put into shape. The application went up in July and little was heard until September. Then he went to the Reserve bank, 300 miles away, to get a hearing. The governor of the bank greeted him—so he said—with the remark:

"What have you to say for yourself? We will give you five minutes to state your case."

Since the case was stated in the greatest detail in the application, the business man saw little that he could add in five minutes. He got no action, but did learn that with \$24,000,000 in applications this bank had made \$200,000 in loans and its officials were reported out of sympathy with the whole idea.

So he turned to the Reconstruction Finance Corp. in Washington. It is authorized along with the Federal Reserve banks to make commercial loans for periods up to five years. At the R. F. C. he had found a sympathetic reception and was making progress. He had seen Jesse Jones, chairman of the board, and was on the way to getting an answer of yes or no, to his application.

In case the answer is "No," he may be faced with the necessity of shutting up shop.

But the question raised by Mr. Richberg and others is whether a community is better off when it is supporting a larger number of its members on some sort of wage, than when it has some members on a socially desirable wage and others on relief. Also it raises the question whether there should not be greater flexibility in N. R. A. to adjust its requirements to different communities.—*Extracts, see 15, p. 32.*

Dangers in Political Administration of Relief Cited

by Jouett Shouse

President, American Liberty League

THE most dangerous circumstance connected with the entire question of relief is the utilization of a political agency to administer relief.

The whole operation should be free from any taint of politics. Regardless of what party might be in office, relief expenditures should not in any circumstance be used for political advantage, nor should there be allowed even the remote temptation so to use them.

The distribution of largess from the public treasury is one of the most ancient devices by which bureaucracies and other undemocratic governments have sought to maintain themselves in power.

Heretofore in the United States such attempts have been restricted to the operations of municipal political machines in some of our larger cities. There they have been remarkably effective and have constituted the chief defense against periodic efforts of reform.

Now, for the first time, there is the possibility that this pernicious system may be tried on a nation-wide basis. I do not say it is being tried but I do say that we have provided the machinery for such an attempt, and until that machinery is dismantled it will constitute a permanent temptation for misuse.

The Red Cross in the past had done its work without favoritism and without scandal.

It is the natural agency to be employed in the present emergency and it should be so employed.

Many present trends in governmental policy will, if unchecked, result in the creation of a huge Federal bureaucracy, practically irresponsible in its administration of public affairs.

Indeed, such a situation may be said to exist today.—*Extracts, see 11, p. 32.*

A Warning Against Inflation

by Odgen L. Mills

Former Secretary of the Treasury

IT is time the country woke up to the fact that the road we are traveling leads directly to progressive and uncontrolled inflation. I do not say the Administration can not turn back; but it has loosed forces that will drive us irresistibly forward along the road we are now traveling—and at the end there's a precipice.

Under the old order, we were warned in time. Under the new, with the whole automatic safety-device mechanism gone, we may be led over the precipice blindfolded.

The crushing weight of the disaster will be borne by the entire nation, but those least able will bear the heaviest

burden. The first impact will be borne by the endowments of great public welfare institutions, the saving deposits of the poor and the life insurance policies of the foresighted and thrifty.

It is perhaps too much to hope for, but no effort should be spared to persuade the Administration and Congress to adopt a fiscal and monetary program that will restore some of the checks which experience and public prudence call for, and will furnish a mighty impetus to recovery by removing the fear and uncertainty that now paralyze business and enterprise.

This can be accomplished by the following actions:

1. Repeal of the Thomas amendment, which authorizes the President to issue greenbacks and to adopt bimetalism.
2. Abandonment of the silver purchase program.
3. A prompt return to an outright gold bullion standard.
4. Cooperation with other nations in the international stabilization of currencies.
5. Freeing the Federal Reserve System from political domination and a restoration of the original functions.
6. Termination of the present orgy of uncontrolled spending and adoption of a program looking to a balanced budget in the fiscal year beginning July 1, 1936.
7. The return to a government of laws as contrasted with one of executive discretion.
8. Put our financial house in order, make no mistake about it—it's getting late.—*Extracts, see 18, p. 32.*

Complaints Against the "Mushroom" Laws of N. R. A.

by Raymond Clapper
Newspaper Columnist

WHEN the question of reshaping NRA comes up in Congress, business men will be found devoting considerable energy to protesting against continuation of wholesale delegation of combined legislative, executive and judicial functions to the Recovery Administration.

They make the point that in fact, though not in name, NRA is a vast law-making organization in which hundreds of subordinate officials write the laws and enforce them. Every code requires presidential approval from which there is no appeal. Between 4,000 and 5,000 methods of business conduct are prohibited by codes which have the force of law. James A. Emery, general counsel of the National Manufacturers Association, says that administrative law resulting from operation of the recovery act has resulted in more than 3,000 administrative orders, covering more than 10,000 pages, and accompanied by more than 700 direct executive orders and innumerable opinions and directions from national, regional and code boards interpreting and enforcing provisions of the act. In addition, there are the rules of the code authorities themselves, each having the force of law and affecting the lives and conduct of millions of persons.

Administration of this vast mushroom growth of new

Federal law is in the hands of 5,000 or 6,000 persons, it is estimated, mostly subordinates in an ever-changing personnel. It requires no imagination to appreciate the difficulty the business man has in keeping informed of these codes, supplemental codes, code amendments, executive orders, administrative orders, office orders, interpretations, rules, regulations and obiter dicta. Every code governs with the force of an act of Congress, and ignorance of the law is no defense.

It is nothing new to hear business men complaining that there are too many laws. They always have viewed the approach of a session of Congress with apprehension and its adjournment with relief. Of late, however, the apprehension has been continual because when Congress quits the business of law making does not stop, but merely moves downtown, where it proceeds more furiously than ever.

Most business men realize that Congress must delegate considerable discretion to administrative agencies so that changing conditions may be dealt with promptly. It is impossible, they realize, for Congress to legislate down to the fine details. Executive officials must fill in the outlines of general policy laid down by Congress. The Brookings Institution finds some 60 different administrative tribunals making judicial decisions affecting private rights.

The complaint is not against the delegation of power, but in the manner in which it is done, especially failure to provide for an appeal from the decisions or orders of administrative bodies. Great danger of abuse is seen when an executive officer has authority to say what the policy shall be—to say, for instance, that a merchant shall not sell for less than a given percentage of profit—and then proceeds to enforce this policy. Enforcement may be not only through the courts, but through executive pressure—as when NRA set up the Blue Eagle as an extra legal symbol of compliance.

In all, the complaint is, this makes for irresponsibility, for arbitrary bureaucracy and leaves a minimum of protection to the individual.

One of the arguments in favor of shifting NRA compliance to the Federal Trade Commission or the Department of Justice is that it would separate enforcement from the law-making group, just as laws of Congress are enforced not by the Senators and Representatives who write them, but by another set of persons.—*Extracts, see 19, p. 32.*

Power Utilities Ask Supreme Court Test of "T.V.A."

by Thomas N. McCarter
President, Edison Electric Institute

I RESPECTFULLY urge that parties interested and the Government unite in taking such proceedings as will bring about a decision of the highest court in the land upon the question (TVA constitutionality) at the earliest moment possible.

If there are improper practices or abuses of any kind

Continued on page 31

Organized Business Presents Its Recovery Program

ON December 19, at White Sulphur Springs, W. Va., the Joint Business Conference for Economic Recovery, composed of some ninety representatives of business including the Chamber of Commerce of the United States and the National Association of Manufacturers, announced a general program for recovery and appointed a committee of twenty to press the program.

Members of the Committee named follow:

C. B. Ames, chairman of the board of the Texas Co.

Robert L. Lund, executive vice-president of the Lambert Pharmacal Co.

C. L. Bardo, president of the National Association of Manufacturers.

George H. Houston, president of the Baldwin Locomotive Works.

Charles R. Hook, president of the American Rolling Mill Co.

Lewis H. Brown, president of the Johns-Manville Co.

Lamont du Pont, president of the E. I. du Pont de Nemours Co.

W. B. Bell, president of the American Cyanamid Co.

John J. Raskob, General Motors.

Malcolm Muir, president McGraw-Hill Publishing Co.

Owen D. Young, General Electric Co.

Silas Strawn, of Chicago.

Henry I. Harriman, president, Chamber of Commerce of the United States.

Charles E. Buckus, president of Clinchfield Coal Co.

Philip J. Fay, Nichols & Fay, San Francisco, Calif.

Robert V. Fleming, president, Riggs National Bank, Washington.

W. F. Gephart, vice-president, First National Bank of St. Louis.

P. W. Litchfield, president, Goodyear Tire & Rubber Co.

Harper Sibley, Sibley Farms, Rochester, N. Y.

William Sweet, treasurer, Rumford Chemical Works.

A Summary of the Essentials Contained in the Report

A declaration that new NRA legislation should be temporary, that continuation of codes should be voluntary on the part of industries, that maximum hours, minimum wages and child labor provisions of codes should be continued, that employers have the right to deal with employees collectively or individually. An appeal was made to employers not operating under codes to submit voluntarily to labor provisions.

A declaration that legislation should be enacted permitting voluntary codes covering fair competition, deter-

mined by conditions in individual industries, that administrative agencies may terminate codes, that members of an industry should be allowed to make binding agreements among themselves, subject to approval of the administrative agency.

Opposition to "made work" relief, favoring by implication the dole or direct relief.

Delay of unemployment and old age pension legislation pending a thorough study.

Opposition to Federal attempts to control local labor relationships, and opposition to the 30-hour week.

A declaration for a balanced budget by 1937.

Return to the gold standard.

Modification of the securities act.

Limitation of undue restrictions of agricultural production.

Encouragement of the flow of private capital into business.

Opposition to Government competition with business.

Extension of American foreign trade and establishment of world monetary standards.—*Extracts, see 19, p. 23.*

The Report in Full

Preamble—The Joint Business Conference for Economic Recovery has reviewed the conditions under which trade and industry are now operating with a view to the identification of the problems involved in the improvement of business activity.

In making this survey, the conference has been actuated solely by the desire to direct attention to the difficulties business has encountered in the path of recovery and the conditions of which it necessarily must take cognizance. It has done this with the full realization that the task is one which calls for unselfish cooperation of all and that the Government, in exercising the proper responsibilities of leadership, is entitled to their wholehearted support. It has, therefore, approached its task with the conviction that patience and tolerance are requisite to the reconciliation of divergent views and the concentration of national effort upon the one great purpose—the revival of the normal processes of industry and trade.

The conference is of the opinion that this end can be achieved to the common advantage of industry, agriculture and labor and to the benefit of the Nation as a whole. The need for goods and equipment of every description necessary to the continuance of our economic progress and the maintenance of those high standards of living to which America has become accustomed is daily growing more pressing. There is ample work to be done to require the employment of all the labor now idle and the use of all the capital that may be available. The accumulating unsatisfied requirements of the American people will test the resourcefulness of our industry for years to come. With

this goal so clearly before us, it is inconceivable that a way will not be found to release our halting national energies and bend our efforts to its achievement. This being true, the conference called jointly by the Chamber of Commerce of the United States and the National Association of Manufacturers, submits the following consideration as expressing the consensus of those participating as to certain steps that may be taken to revive industry and accelerate recovery.

Relief

Relief of distress caused by unemployment is one of the foremost problems confronting the Nation. Management, employees and all other social groups share in the responsibility of solving this relief problem and in obtaining the re-employment in productive enterprises of those now idle.

Society recognizes that distress should be relieved. The most effective solution of the problem of unemployment and relief is the creation of such confidence between industry and the Government that business can proceed with plans to develop new industries, to enlarge existing enterprises, and freely to place private capital in the investment field. This conference believes the following principles should guide the granting of relief:

1. Relief is not properly a function of the Federal Government, but it is primarily the obligation of the family, or private charity, of the municipality and of the State. The Federal Governments should aid only when absolutely necessary. An unwillingness on the part of the States and municipalities to share in relief aid is manifest. A constructive step in overcoming this reluctance would be to return to the States as soon as practicable the burden of relief.

2. Relief should be administered by agencies with sympathetic cooperation of civic-minded citizens, conversant with local conditions.

3. All forms of relief should be under local centralized control and should, where practicable, be granted in connection with properly organized employment exchanges which will first endeavor to supply work in private industry.

4. The balancing of the Federal budget will provide confidence, stimulate private initiative and increase opportunities for private employment. The creation of public works for the purpose of providing relief invites waste and definitely defers a balanced budget. In those projects in which the Government is already committed the wage rate paid for work relief should always be substantially less than the going rate paid for similar work in private industries, thus supplying a definite incentive to engage in private employment. Direct relief payments in any locality should always be materially lower than rates paid for work relief.

5. For those out of work employment on useful public construction projects not created primarily for the purpose of relief and at wages not in excess of the direct relief payments which they would otherwise receive should be encouraged in order that long-continued idleness, with its unfortunate effects, both physical and moral, may, wherever possible, be avoided.

Unemployment Reserves

We urge a thorough and sympathetic business study of unemployment reserves, with a view of developing the

best and most feasible means of solving this problem. A sound solution must be based upon a definite knowledge and not merely upon a commendable desire. Unsound legislation at this time would prejudice the possibility of securing a satisfactory solution in the future.

We lack sufficient knowledge regarding depressional, seasonal, technological and other types of unemployment. Even as to the actual extent of unemployment, the information is contradictory.

No plan of unemployment reserves can be of immediate help in relieving the present problem, inasmuch as there must be a considerable field for the accumulation of reserves. There is, therefore, ample time for thorough investigation.

In order to give consideration to all elements involved, a committee should be created by business to study the practicability of a comprehensive program of social security adaptable to American conditions, giving immediate attention to unemployment reserves and old age pensions.

The committee, in its study of unemployment reserves, should give consideration to the following, among other points:

1. Method of creating a competent administrative system.
2. The increasing inflexibility of wages scales and productive costs.
3. Immobility of labor.
4. A system of payments that will not remove the incentive to work.
5. Requirements as to willingness of applicant for payments to accept available work.
6. Unsuitability of a uniform standard to widely separated localities differing in industrial development.
7. Proper relation of payments to method of relief of those ineligible for benefit payments.
8. Investment of accumulated reserves.
9. Principles governing compulsory contributions by employees.
10. Absence of accrual basis for unemployment reserves.

Industrial Relations

Efficient management has always recognized that it was and is good business to adopt such policies as would bring about a condition of mutual confidence and cooperation between the working organization and the supervisor's force. Satisfactory employee and employer relationships require the maintenance of safe and proper working conditions and a wage schedule which compensates the worker fairly. Labor can not share what is not produced. Arbitrary determination and limitation of hours and wages as proposed in such measures as 30-hour bills ignore this fundamental principle. Such limitations decrease the opportunity for employment by unnecessarily increasing the cost to the consumer.

The Federal Government should not assume or attempt to control local relationships between employees and employers.

Employers and employees should be free to bargain collectively or individually, in such forms as are mutually satisfactory to them without coercion from any source.

There should be no attempt to lessen, through legislative restrictions upon particular kinds or organization, the freedom of employes in determining the form of any organization for the purpose of collective bargaining.

Men should be protected in their right to work as well as in their right to strike. They should also be protected in their right to join or refrain from joining any labor organization.

The test of what is in the public interest should apply to the acts of employers as well as of employes. We believe that sympathetic or general strikes or walkouts, blacklists and boycotts should be prohibited.

Federal Finance

Definite evidence of a determined effort by Congress and the Administration to balance the budget, including both ordinary and emergency expenditures, at the earliest possible date is fundamental to any real or lasting improvement in economic conditions. Budget equilibrium should be attained primarily by limitation of expenditures rather than by increased taxation.

The best information available indicates that further increase in the public debt beyond June 30, 1935, can be avoided, a reasonable program of emergency relief expenditures can be financed without debt increase in the fiscal year 1936 by confining unemployment relief to an indispensable minimum and limiting expenditures for all emergency activities next year, including those on account of existing commitments for public works, to the expected surplus of receipts over ordinary expenditures plus the net repayments from various lending agencies and a reduction of the unallocated amount of the general fund balance.

The assurance throughout next year that will result from an avoidance of increasing the debt and from the adoption of an immediate program to produce a balanced budget in 1937 will contribute both to business recovery and to increase in Federal revenue. It will allay fears of currency inflation, permit more refunding of Government debt on a long-term basis, release investment funds for normal enterprise, safeguard the Government's credit position, and induce a greater mobility of private resources and energy.

Projects for Government spending initiated to increase purchasing power or to create business would retard rather than aid recovery.

That is true of all proposals for extraordinary expenditures that would mean debt increase after June 30 next or preclude the success of a definite program to produce an early balance of the budget.

Business Financing

Understandings with important commercial nations to achieve stabilization of external exchanges, and definite action by our Government as soon as practicable to establish a standard dollar with a fixed and unvarying gold content will be of immeasurable benefit to business.

It is of the greatest importance to business that the banks in which its deposits are placed be privately owned and managed under the supervision of existing agencies properly coordinated and consolidated, and that the control of primary and reserve credit be independent of governmental domination and political influence.

Issuance of securities are being deterred by uncertain-

ties attributed to the regulatory acts (securities act and securities exchange act) now under the jurisdiction of the securities exchange commission. Encouragement has been given by the evident disposition of that commission to consider the practical problems of business in relation to the administration of these acts. Notwithstanding the helpful attitude of the commission, our judgment is that the resumption and expansion of private enterprise will be aided by modification of the securities act.

While the securities exchange act is being administered with consideration of the legitimate requirements of issue it contains provisions which can place upon trade and industry unnecessary and unreasonable burdens of the character requiring correction of the securities act. Industry needs intermediate credit for capital purposes in small and medium amounts, maturing in not more than seven years. Credits of this type should be made available from private sources, if such regulatory measures as the securities act, which preclude the establishment of private facilities to handle business of this character, were properly modified.

Another substantial aid to the opening of the capital markets to the needs of business would be to grant to member banks of the Reserve System under license to be issued by the Federal Reserve Board, the right to engage in underwriting of the British type, while continuing the prohibition upon these banks to engage in the public distribution of securities by solicitation of purchasers. Limitations upon the amount of an issue which may be purchased by any bank should be based solely upon a percentage of the bank's capital and surplus.

Agriculture

This conference affirms its belief in the economic unity of agriculture and industry.

One of the major factors which brought about the depression was a maladjustment between agriculture and other industries.

Any arbitrary limitations or undue restrictions of production, processing or distribution should be guarded against and prevented for the mutual benefit of all concerned.

Specific control measures should be undertaken only with the separate assent of a strongly predominant percentage by numbers and volume of the respective group or groups primarily involved.

There should be coordination of the activities of all Federal departments to promote cooperation with the States and counties and land owners in the solution of their land utilization problems. The Federal Government and the States, in cooperation with private owners, should develop a program for removing from agricultural use as much as is feasible of the land on which the production of crops is ordinarily unprofitable and for discouraging the expansion of agricultural land beyond the effective demand for the production therefrom.

Federal acquisition and administration of submarginal land and administration of erosion-control projects and the grazing or other agricultural activities on the public domain, should be centralized in the United States Department of Agriculture.

Durable Goods Industries

Sixty per cent of estimated 10,000,000 unemployed are

in the durable goods industries. More than 2,000,000 are unemployed in one segment alone—construction—representing a total nearly four times as large as the combined unemployment in all consumers' goods industries.

Deferred demand for the products of the durable goods industries has reached staggering proportions, but must remain potential and useless rather than effective until the people of this country possess such confidence in their future that they dare look beyond their day-to-day needs. Herein lies a major offensive against depression.

Chief among the fundamental conditions needed for recovery in the durable goods industries are: (1) a free flow of private capital into private business, (2) a sound real estate mortgage market, (3) low construction costs necessitating removal of artificial restraints curtailing volume and increasing costs whether of material or labor.

Housing

In particular, there can be no recovery in private residential building unless Federal construction is limited to a field that can be demonstrated to the noncompetitive slum clearance and the limited construction of such low-cost housing as could not be accomplished commercially under normal conditions. This is the maximum limit to Federal activities, if recovery is to be achieved. Direct Government participation in housing, if carried beyond this point, will inevitably ruin the sound program of the Federal Housing Administration. If that program is ruined by the direct and competitive insertion or coordinate branches of the Government into the construction field, a general level of construction activity higher than that of 1934 can not be expected.

Government Competition

The great majority of the people owns American business. Each of the 60-odd million insurance policyholders, each man or woman who has savings in banks or building and loan associations, each holder of a share of stock or a bond, has such savings invested in some corporate business activity. In addition, there are nearly 3,000,000 partnerships and industrial undertakings. When government—Federal, state or local—enters a business, it competes unfairly with the great mass of its own citizens. The small business and the industrial of small means are the first to suffer.

The Federal Government is now competing in more than two hundred (200) different kinds of business. Programs for work-relief do not justify the Government's entering into competition with its private citizens in the production of goods and their distribution for relief purposes. Government competition dries up the source of its own support.

Government competition with private business leads toward socialism. This destructive competition, carrying with it the threat of extension into other fields, has profoundly shaken confidence.

Our Government was neither conceived nor fashioned to engage in competition with its citizens. Such competition disregards many recognized elements of costs. Then it employs the taxes of the citizen to menace his enterprise, it threatens the security of his job, the safety of his savings, and converts his compulsory support of his Government through taxation into a weapon for his injury.

Foreign Trade

Complete business recovery demands the expansion of American foreign trade.

Among the principal obstacles now impeding such expansion are: Instability of world currencies; quotas and bounties; exchange restrictions; discriminatory agreements; intergovernmental debts; and increased domestic costs. The conference favors:

1. Establishment, as soon as possible, of stable world monetary standards, with a prompt reconsideration of governmental debts due the United States.
2. Cooperation with foreign nations to remove quotas, exchange restrictions and export bounties.
3. Negotiation of reciprocal trade agreements with foreign countries under conditions which will safeguard American industry.
4. Recognition of the fact that increase of domestic production costs lessens ability to compete in foreign markets.
5. Cooperation with efforts of the export-import banks and restoration of adequate governmental trade representation abroad.

Transportation

The continuing improvement of our systems of transportation is conducive to economic recovery and essential to the promotion of community prosperity. We are now entering a period of more rapid change and development in transportation than existed during the past two decades. The potential purchasing power involved in modernization of equipment and the utilization of already known technical development would materially contribute to the restoration of employment in the durable goods industry.

The achievement of maximum efficiency demands freedom for development in each field transportation.

To the extent that Federal funds are available for loans, it would seem prudent to make loans to national and local common carriers, where financially justified, on terms as reasonable as those made for other purposes. Such loans can be made with greater security in already developed and sound enterprises such as transportation, with competent organizations to direct them, than to new and untried enterprises.

N. I. R. A.

Introduction: By its own terms, the National Industrial Recovery Act expires not later than June 16, 1935. The Administration has indicated its desire for further trial of certain features of the act. Experience has not sufficiently determined whether permanent measures are desirable, or if desirable, the form that they should take. In view of these considerations, this conference recommends that new emergency legislation, prior to its expiring date, be enacted for a period of one year, in conformity with the principles hereafter presented.

Such legislation should be administered by an administrative agency of at least five members, possessing the authority to approve or disapprove codes of fair competition in or affecting interstate commerce that has been voluntarily submitted by an association or group truly representative of a given trade or industry.

Labor provisions of the codes: The N. I. R. A. was a temporary measure, designed to meet a national emergency, and it is recognized that its expiration would entail hardship in certain industries, the operation of which are being temporarily conducted under its provisions. In view of this fact, and without prejudice to the opposition of industry to Federal legislation in the field of local labor relations, this new emergency legislation should follow the N. I. R. A. upon its expiring date, such legislation to conform to the following principles:

Any new legislation continuing the N. I. R. A. should be of the same temporary emergency character as the original act, and one year is recommended as the term of any such law.

The continuance of present codes or the adoption of new codes should be conditioned upon the voluntary action of the respective industries or trades.

The new act should require every code of fair competition to contain suitable provisions concerning maximum hours and minimum wages, prohibiting child labor, safeguarding both labor and employer by giving to labor the right to deal with employers either individually or collectively directly or through representatives of their own free choice without intimidation or coercion of either party from any source.

During the emergency period the problems of child labor, of minimum wages and of maximum hours are likely to be especially acute. In any industry, therefore, not operating under a code of fair competition in which the administrative agency finds that child labor is used or threatened or wages are so low, or hours so long as to impair materially our living standards, we appeal to employers in such an industry voluntarily to apply for a code in order to prevent or correct conditions which all responsible employers condemn.

Competitive practice provisions of codes: It is recommended that the new legislation provide that any industry or trade voluntarily desiring to do so may, subject to the approval of a governmental administrative agency provided for in such legislation and after proper investigation and public hearings, adopt and make effective a code of fair competition.

A main objective of codes of fair competition in this period of emergency has been and should be to aid in increasing employment, relieving pressure on wages, and in securing the restoration of the sound functioning of the competitive system of mitigating the effects of destructive competition aggravated by the depression. It should be the objective of these codes thereby to aid in securing competitive conditions fair to producer, distributor and consumer, the restoration of credit, the resumption of replacements and improvements in operating machinery, and relief from that instability in markets which retards coincident increase in production and consumption.

The standard to be set forth in such legislation, which the administrative agency is to apply in passing on the provisions of a proposed code of fair competition, should be consistent with and should promote these objectives and, to that end, should facilitate the elimination of unsound and unfair methods of competition and, in proper cases in the public interest, should permit of practicable measures to reduce or prevent price demoralization, to secure reasonable adjustment of available capacity to available demand in overcapacitated industries, and to

afford protection against the elimination or oppression of small business. No code provision should be approved or continued which results in a price level burdensome and unfair to the public. The provisions of each code should be determined by and adapted to the particular conditions of that industry.

General Provisions

In some natural resource industries, conservation is a matter of great public concern and may require specific treatment. These industries should be able to utilize such provisions of general legislation as outlined herein, but since these provisions may not be sufficient to meet the needs of the industries and for the protection of the public interest, specific legislation should be considered to meet their requirements. Such legislation should follow the general principle that the farther the actions thus approved extend into fields otherwise restricted or prohibited by law, the greater the governmental supervision necessary to protect the public interest.

The development and the submission of codes of fair competition should be voluntary on the part of industry, and subject to the approval or disapproval of the administrative agency, with opportunities for submission to the same authority, for approval of modifications. The preparation and proposal of a code, in whole or in part, should be a sole responsibility of the petitioning industry.

In order to prevent confusion in the transition period between the expiration of the national industrial recovery act and the adjustment of codes to the provisions of the new law, existing codes for industries so designed may continue in effect until terminated or amended.

The administrative agency should have the right to terminate, after public hearing, existing codes or those formulated under the new act. Industry through its representatives should also have the right to terminate such codes or proposed amendments to them.

There should be opportunity for members of industry to enter into agreements between themselves, which agreements, when approved by the administrative agency, should be enforceable against all parties to the agreements.

As to actions in conformity and compliance with provisions of approved codes of fair competition or approved voluntary agreements, the new legislation should supersede any other statute with which it might otherwise conflict.

The new act, in its application, should extend only to those businesses which are engaged in or affect interstate commerce.

The new act should provide for mandatory assessment of all members primarily engaged in an industry for financing code administration, subject to the approval of the administrative agency unless the industry has provided for financing by voluntary methods. It is recognized that in other than the retail distributive and service fields, multiple assessments may be desirable and in such cases the general objective should be to limit further code assessments mandatory upon any person to those secondary or incidental lines in which he is a substantial factor in competition.

The effectiveness of codes depends upon the prompt enforcement of all provisions. Violations should, in the first instance, be adjusted, if possible, by the code authority with the aid, on proof of violation, of the administra-

tion agency, with ultimate resort to judicial process. The Government in its purposes should not require compliance certificates of any kind nor discriminate against any person not determined by due process of law to be violating a code. The use, application or possession of NKA labels or other emblems or devices should not be required as a condition of the right to manufacture or sell commodities.

Under appropriate safeguards, approved codes of fair competition should be binding upon all members of the industry.

Power Utilities Ask Supreme Court Test of "T.V.A."

Continued from page 25

now being carried on, either by holding companies or by operating companies, the industry will welcome an opportunity to negotiate and arrange for their removal. Whatever the causes, the situation that now exists is one of national importance. It is bigger and broader than any particular feature of it.

I am confident that if the problem is approached by representatives of all concerned, who are not extremists on the one side or the other, a solution can be found that will in a reasonable time greatly benefit the consuming public, preserve the financial and economic soundness of existing investment, and at the same time directly and indirectly put many thousands of unemployed to work in many different industries.

It is respectfully submitted that more progress can be made along these lines than by Governmental competition or strangulation. I pledge the industry to any cooperative effort along these lines, and I seek similar cooperation on the part of the Government.

During the meteoric growth of this industry, the holding company developed as a vehicle of financing. In the main it has been a necessary and useful instrument and should continue to be so.

Is it fair that the Government should release all its wrath on one industry?

The follies of the day were not confined to any particular industry.

The history of municipal operation of public utilities in this country, with the exception of a very small number of conspicuous and isolated cases, does not indicate that upon a fair comparative basis they are operated as efficiently and economically as under private operation.

The opinions of Newton D. Baker, James M. Beck and Judge W. I. Grubb that the operations of the Tennessee Valley Authority are unconstitutional.

These opinions are in no wise finally controlling, but they at least create a background of serious doubt. I assume that there is no one more interested than the Gov-

ernment in having finally settled as soon as possible the constitutionality or legality of projects upon which it is proposed to spend hundreds of millions of dollars.—*Extracts, see 13, p. 32.*

A Political Analysis of the New Congress

(Continued from page 5)

dent leans toward the conservative or middle-ground course, the Senate will follow him, and be happy to follow him. If the President should take the radical course, the Senate would still follow him, though less happily, with greater violence to the Senators' individual consciences.

The Democrats in the lower house probably would follow the President anywhere—because all come up for reelection in two years, and it would take a brave Democratic Representative who, looking back to the remarkable demonstration of Mr. Roosevelt's prestige now, and then looking forward two years to his own effort to get another nomination from the Democratic party locally—it would be rare if such a Democrat would take a chance on becoming known to his district as a forthright opponent of the President.

But as respects the Senate the story is lightly different. We may see shortly the virtue of giving Senators terms of six years each. In the Senate are 69 Democrats; 19 of them come up for renomination and re-election two years from now. These, like Democrats in the Lower House, would think long before going forthrightly counter to the President, knowing they must run for reelection with him two years from now.

But 50 of the Democratic Senators have terms which do not expire until four years and six years from now. These 50 would be less under the psychological compulsion of this month's election, more ready to take a chance that in four years or six years things might change.

Of the 50 Democratic Senators whose terms do not expire for four or six years fully 40 are conservatives. These 40, added to 15 conservative Republicans, would make a majority of the Senate. It is not certain, therefore, that the Senate would surely follow the President in any radical course whatever. Many of the Democratic Senators were restless in the recent Congress. They voted for the New Deal measures, but did so on the understanding that the measures were emergency and temporary. In short, there is, among the Democratic Senators, a majority of the party who are thoroughly conservative and who might balk if the President's leadership in the coming Congress should be as left-ward as it was in the past. Anyhow, the present probability is that the President himself in the coming Congress will furnish a leadership much less left-ward than in the recent one.—*Extracts, see 9, p. 32.*

• IN THE CLASSROOM:—

Schedule for Using The Congressional Digest in Organized Study

THIS number of the CONGRESSIONAL DIGEST, as listed in the schedule below, is designed for current event discussion in the classroom. Each regular number of the CONGRESSIONAL DIGEST furnishes the class in Political Science with material for four weeks' study of one live political problem before Congress, each number carrying a complete analysis of the problem with historical and official data, political aspects and pro and con arguments, designed especially for study purpose. The following schedule is recommended as serving the best interests of the class following the Laboratory Method of Teaching Government and Politics as outlined in the Instructors' Handbook, which is available without charge to all instructors using the CONGRESSIONAL DIGEST.

Digest Issued 1st of Month

For Use in Class From

September Number.....	September 15 to October 15
October Number	October 15 to November 15
November Number.....	November 15 to December 15

Holidays.

December Number.....	January 15 to February 15
January Number.....	For first week of January

Problems before incoming Congress.

February Number.....	February 15 to March 15
March Number.....	March 15 to April 15
April Number.....	April 15 to May 15
May Number.....	May 15 to June 15
June Number.....	Final Week of Class Year

Reviewing the work of Congress.

Sources of Information for this Issue

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- 3—(Donkey and Elephant) Washington News, May 31, 1932.
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- 6—(Green) Press statement, Nov. 20, 1934.
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- 8—(A. F. of L.) Press statement, Dec. 13, 1934.
- 9—(Sullivan) Washington Star, Nov. 25, 1934.
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- 17—(Ickes) Press statement.
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